



**ASSESSING THE ECONOMIC INDICATORS FOR THE
INTRODUCTION OF THE WEST AFRICAN COMMON
CURRENCY (ECO). (A CASE STUDY OF PERCEPTUAL
REASONING AND EMPIRICAL EVIDENCE IN ADDUCING
THE STATE OF GHANAIAN ECONOMY INTO THE ECO).**

HENRY KWAME AFAGLO (MBA, BSc Hons.)

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By

Henry Kwame Afaglo (MBA, BSc Hons.)

APPROVED BY:

Prof. Dr. David Iornem

Dr. David Le Cornu

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DECLARATION

I do hereby declare that with the exception of references to people's (authorities) work which have been dully cited, this work is the result of my own original research, and that this dissertation, either in whole or in part, has not been presented for any other degree elsewhere.

.....
Henry Kwame Afaglo (MBA, BSc Hons)
(Student)

.....
Prof. Dr. David Iornem
(Supervisor)

DEDICATION

To my wife

Georgina Agyekumwah-Donkoh

and daughters

Efia Mirekua Farcor

Abena Agyekumwaa Farcor

and son

Kekeli Kobla Farcor

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Upon a careful reflection of my long term and yet challenging knowledge acquisition journey, I have come to highly respect Dr. Opoku, Dr. Akumoah Boateng, Professor Danquah and Dr. Afrifa all of the Psychology Department of the University of Ghana (lecturers) who taught me research methods on low salaries, besides their frustrations from me (a well known student who slept through lectures whiles these lecturers were teaching).

I owe Professor Danquah an apology especially, because despite his anger and overt displeasure of my infuriating sleeping during lectures attitude, I kept on repeating the sleeping behaviour without any sense of regret at the time. Yet he still went on to lecture.

Little did I know that, Dr. Opoku's lessons on quantitative methods at the time were one of the fulcrums for my further studies. Unfortunately, at the time some of us did not like Dr. Opoku's lectures and worse of all, we did personify him as 'wicked Lecturer'.

With Dr. Akumoah Boateng's teaching approach to project presentation, he did his best to make it simple and easy for most of us if not all students to be able to present dissertations in the best academic format.

Dr. Afrifa succeeded in modeling our minds including mine to conceptualize research problems and build upon it into a dissertation.

Of those who have helped directly, I wish to thank Mr. Emmanuel Ekpey of the Kwahu District Assembly, Mr. Kwame Nyame, Mr. Gordon Agbozo and Mr. Jerome Awetey who in their capacity as "intelligent laymen" helped in the clarification of expressions on the substantive topic of this study. Mr. Daniel Akutsa of Ghana Law School, Mr. Courage Dovo a freelance journalist and Mr. Theophilus Nuworkpor did helped directly in the collection of primary data that is the

questionnaire. Further, they also kept encouraging me from time-to-time, especially when I was down and sometimes when I loose focus of this work they charge me back into action.

Finally, for the reproduction of comments, I wish to acknowledge the permission granted by the authors and publishers issued in the section on bibliography at the end of the dissertation.

ABSTRACT

With the proposed introduction of the West Africa common currency (Eco), this study investigated the monetary history of the region, then the proposed economic indicators that would be used as a forecast to determine the viability of the project. Would it be possible for the proposed initial countries being The Gambia, Ghana, Guinea, Nigeria, and Sierra Leon to meet the author's proposed 'six-points test'? Again employing the six-points test being economic indicators to determine the most feasible and appropriate time for the take-off of the Eco. The major theme of this study is a probe into the existing economic conditions prior to the Eco, and if there are conceptual differences between the perceptual reasoning of a cross-section of Ghanaians (lower status - students, middle status – Journalist, then market women who carry out international trading and investment bankers as the upper class) and existing empirical economic data. Further this study did ascertain the plausibility of the planned onward integration of WAMZ and WAEMU blocks within the West African region.

The economic indicators investigated are the convergence criteria made up of the following:

- Growth – FDI inflows, job creation and growth of the financial sector.
Assessed both by primary and secondary data.
- Inflation rate (consumer price - % p.a) - assessed per secondary data vis-à-vis primary data.
- Budget deficit as a percentage of GDP - excluding of foreign donation towards budget funding - assessed using secondary data vis-à-vis primary data.
- Central banks financing of budget - assessed using secondary data vis-à-vis primary data from questionnaire.

- Exchange rate - inter-currency exchange rates with the US dollar as the standard. Assessed by secondary and primary data.
- Currency stability - assessed per secondary data vis-à-vis primary data.

The central economic theme that this study did examine was Price stability. Here primary data was used to determine a basic micro-economic status, and the effect of the monetary integration on the individual citizen.

Investment with specific measures of the level of inward investment upon the introduction of the Eco. Inward investments here referred to foreign direct investment (FDI) that was assessed by secondary data and primary data being in relation to the immediate impact of FDI on the individual Ghanaian as job creation. Growth again looked at the impact of the Eco on the financial services and the anticipated volume of increase in the banking and non-banking financial sector (i.e. the Ghana Stock Exchange) or other wise, per questionnaire.

Employment- with the introduction of the Eco would it ameliorate or deteriorate the rate of unemployment in Ghana, to be assessed per secondary data and questionnaire. The questionnaire did assess job creation at all social class levels, but emphasis was placed on the target group being Ghanaian international traders and bankers. The responses from students and that of Journalist were rated as more of an anticipatory comment.

The complimentary tests are: Public knowledge of Eco and Political stability to be achieved as an intrinsic part of the common currency union, and public acceptance and commitment to the Eco.

Public knowledge, acceptance and commitment of Eco and the political stability of the common currency block were examined per questionnaire of all strata of the economy (Financial sector, Working women - Inter boarder Traders, Journalist, and University student).

Although this study is apolitical, it will be naive to ignore public commitment to Eco against the backdrop of the regions (West Africa's) relatively short-lived democracy interspaced with political instability history. Political commitment of the public was assessed per questionnaire of all levels as an integral part of the questionnaires.

A two stage hypotheses was adopted with stage 1 hypotheses testing did arrive at a decision on public perception, which indicated there were no significant differences in the perception of micro-economic indicators based on social class lines in Ghana. Virtually a uniform line of understanding the Ghanaian economy was observed irrespective of social standing. Then after stage 2 hypotheses was also tested on grounds as:

1. There is no significant difference between empirical evidence and public perception on economic growth should Ghana be a member of the Ecozone when introduced.
2. There is no significant difference between empirical evidence and public perceptual reasoning on the inflation rate of Ghana in attaining the convergence criterion.
3. There is no significant difference between empirical evidence and public perception on budget deficit of Ghana in attaining the convergence criterion.
4. There is no significant difference between empirical evidence and public perception on central banks roles in financing of budget deficit of Ghana in attaining the convergence criterion.

5. There is no significant difference between empirical evidence and public perception on the exchange rate of the Ghanaian cedi in attaining the convergence criterion.
6. There is no significant difference between empirical evidence and public perceptual reasoning on currency stability of the Ghanaian cedi prior to Eco.

Although the findings did observe predictable economic benefits for Ghana should she join the Ecozone when introduced, she (Ghana) did not meet the entire convergence criterion (six-points test) as proposed by this dissertation.

On issue of economic growth it was observed that Ghana would benefit from an increase in FDI inflows when she is an "in country" of the Eco when introduced.

With regards to inflation, the null hypothesis was upheld. Interpreted as, Ghana did not attain the proposed convergence criterion as concluded by both empirical evidence and public perception. Apparently because the inflation rates evolution has being high for the pre-Eco era. In the case of budget deficit as a percent of GDP, the alternative hypothesis was accepted. Empirical data points to Ghanaian economy operating a budget deficit as against the proposed convergence criterion of budget surplus. An undefined decision was observed as public perception on the subject of budget deficit. On the subject of central bank's (Bank of Ghana) role in the financing of budget deficit, the alternative hypothesis was again upheld. Meaning, whiles empirical evidence points to the Bank of Ghana meeting the proposed convergence criterion as operating a non-financing of budget deficit of government of Ghana, that of public perception indicated the converse. Results of the fifth test indicates the null hypothesis was accepted. Both empirical data and public perception acknowledge the relative weakness of the Ghanaian cedi (national currency) as not being able to attain the proposed convergence criterion. The last but not the least of the "six-points test" being currency

stability of the cedi prior to Eco, resulted into the rejection of the null hypothesis. Captivatingly enough, while empirical data suggests that the Ghanaian cedi was unstable in terms of rate of exchange year-on-year and unable to attain the proposed convergence criterion, public view was that the local currency was relatively stable and would meet the criterion. Both stages of hypotheses testing were conducted at a ± 0.5 level of significance and a 95 per cent confidence level making the sampling size and results a true representation of the population.

Besides Ghana's interest in being a member of the Ecozone when introduced, her inability to attain all "six-points test" is not a unique one. Precisely, none of the five interest countries (founding countries) of the Ecozone did attain all proposed "six-points test".

It is become imperative that West African countries authorities must work harder to improve their respective countries microeconomics prior to the introduction the Eco.

Another recommendation was that, lateral trade (intra-regional trade) be encouraged instead of the current trend of vertical trade (ECOWAS to EU, USA and China).

INTRODUCTION

Over the last decade, West African countries have been seriously planning to harmonize their economies, which should be leading to a regional integration and will eventually be crowned with a common currency to be known as Eco. Although, Western Europe concocted the thought immediately after the Second World War, it was only after they successfully developed a common trading and immigration block that the common currency emerged. Besides the will of the European leaders at the time (immediate post world war two) to permanently avoid war and be at peace with each other, geographical positioning in terms of proximity, neighboring inter-trade and common immigration policy did set as the building block around which the European Economic Commission (EEC) became apparent. Upon careful planning the EEC did integrate their economies on geographical lines and on 1st of January 1999 Europe did succeed and implemented a single currency called euro. Twelve countries did irrevocably replace their national currencies with the euro and these countries are: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

The Gambia, Ghana, Guinea, Nigeria, and Sierra Leon are currently the West African countries that have agreed to harmonize their economies and eventually adopt the Eco. Intriguingly enough, these would be 'in countries' are interspersed geographically with other 'out countries' who mostly belong to WAEMU and so CFAzone {the franc de la Communate financiere de l'Afrique (CFA franc)}, and who are themselves also sharing borders with the would be 'in countries'. The West African Economic and Monetary Union (WAEMU) is made of eight countries, and these are Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. The Ecozone is to be operated by the WAMZ (West African Monetary Zone). Following

the above description of West Africa, it is clear that the two monetary blocks are intertwined on geographical lines. It is worth noting that the WAEMU block is a long established block unlike its partner WAMZ that is in its formative stages. With the map of West Africa properly labeled below the picture of the two monetary blocks becomes obvious.

MAP OF WEST AFRICA



Figure 1 Sourced from www.cpj.org/Briefings/2000/Bekoutou/map.html [9th April 2006]

MAP OF WEST AFRICA



Figure 2. Sourced from UN

MAP OF WEST AFRICA

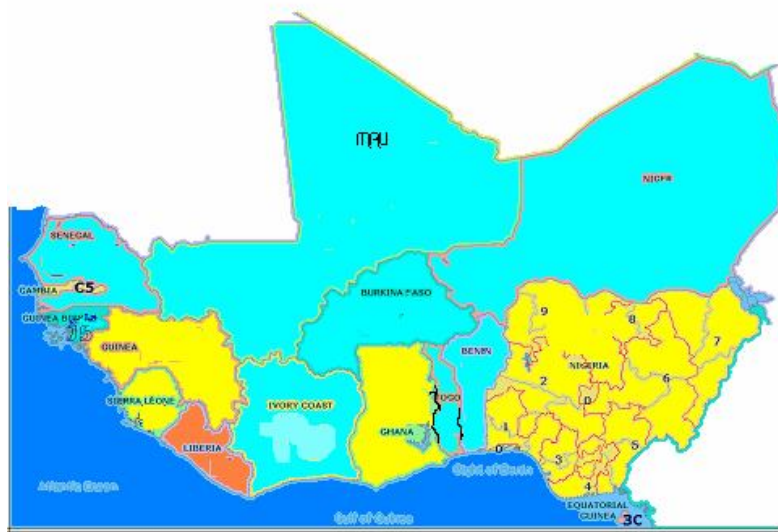


Figure 3. A modification of fig. 2. WAMZ countries in yellow colour and WAEMU in light blue.

MAP OF WEST AFRICA

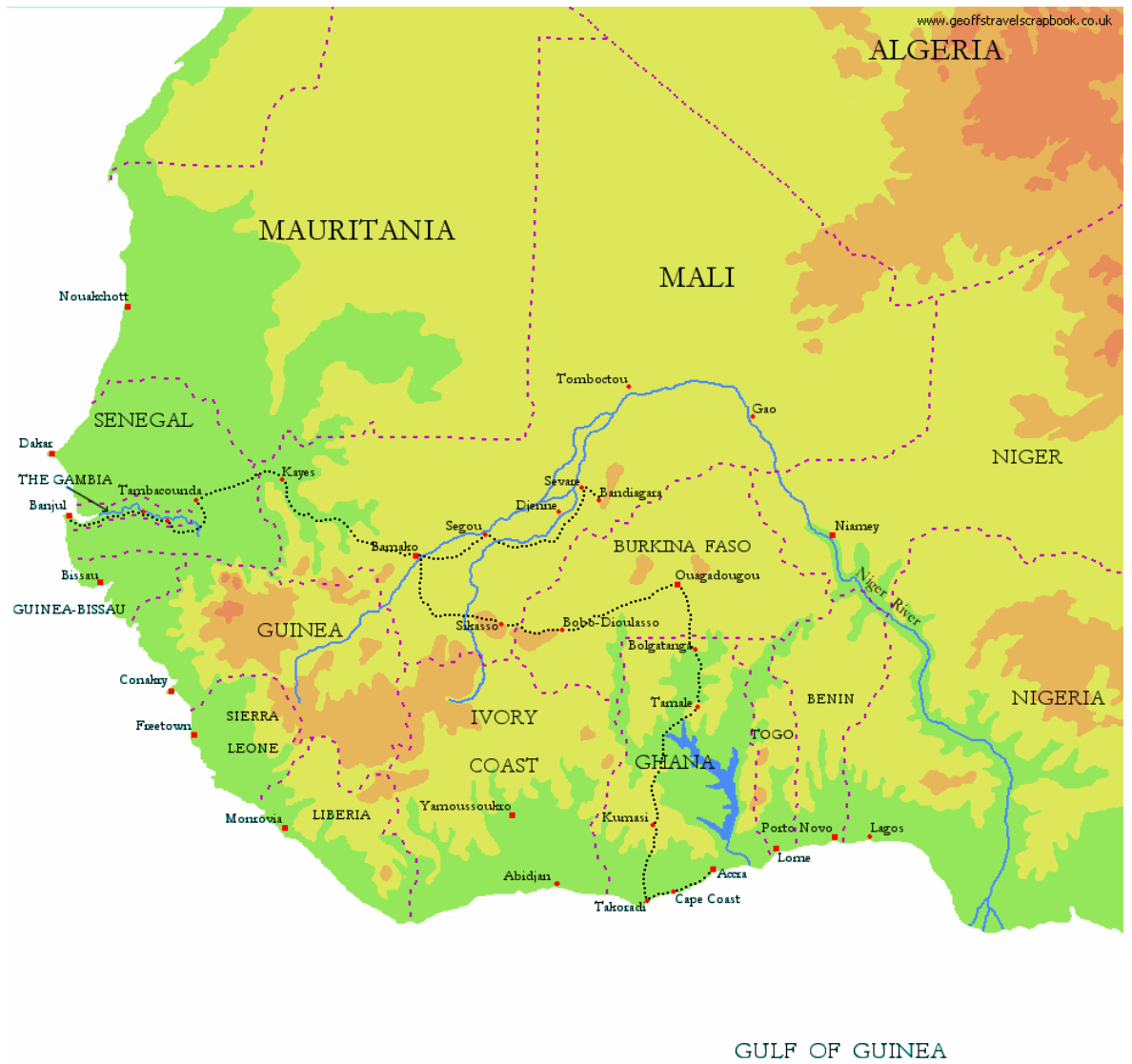


Figure 4 Sourced Geoff's travel scrap book

Population

It is theoretically believed that a larger population within a specific geographical location leads to a larger market and invariably increases the regional wealth instead of a single nation-state of a comparative smaller population. United States of America is one such case in which after the formation of the Union of States with a unified economy and a single currency, she is the known biggest economy, spanning over four decades after the Second World War. Her unification did increase her population and created a bigger market, resulting into the United States of America (US) being among the world's top three economic giants. It must be noted that, unlike the US, the projected monetary integration of the WAMZ and WAEMU into a single currency region is not a creation of a single nation, but the creation of a common market and a common currency.

Another large population that confirms the perception that large population points to larger market and eventually wealth, is China. China with a population of 1,313,973,713 and a population growth of rate of 0.59 per cent as of July 2006 as sourced from CIA World Factbook. With over 1.3 billion people, China is currently the worlds largest manufacturing hub and at the same time the single largest consumer, for this reason a growing number of industrial multinationals have relocated and others have planned relocating their manufacturing plants to China. China is currently nicknamed 'The worlds Biggest Workshop'. Manufacturing plants as Coca-cola, Mercedes- Benz, and Daimler-Chrysler among other giant manufacturers have relocated to China.

Also, service providers have strategically positioned their trade in China, since it has a very large single market. Vodaphone, Europe's largest mobile phone service provider is pitched its trade in China. As at the time of writing this chapter another breaking news in China Daily a Chinese newspaper published on the website and it states:

'AT&T, the largest telecom firm in the United States, plans to open its first Internet Data Centre in Shanghai in the next few months with a local partner, a move that signals its increasing expansion in China. AT&T Group President Forrest Miller said recent mergers with communications providers SBC Communications Corp and BellSouth have spurred the company to seek a stronger foothold in the nation. "China has been a real focal point of our activities," Miller told China Daily . "The merger between SBC and AT&T will deliver even greater strength and capability to our global operations and strategy, as it will provide greater access to capital for future investment and expansion." Weitao L. (2006).

With Vodafone and would be AT&T entry into China, these would increase the employment base or it will reduce the already low level of unemployment and will significantly increase the wealth of the state. Apparently, these multinationals from Europe and US are relocating and outsourcing in China and also taking advantage of China's population and low wages and large numbers of both skilled and highly educated workers. China is experiencing a significantly high increase in industrial growth which is recorded at 27.7 per cent by the CIA World Factbook.

At such a rate of industrial growth in an economy, wealth creation would not elude the economy of China. This is confirmed by their CIA website as well as:

'China has benefited from a huge expansion in computer Internet use, with more than 100 million users at the end of 2005. Foreign investment remains a strong element in China's remarkable expansion in world trade and has been an important factor in the growth of urban jobs.'

(CIA World Factbook, 2005)

Also, the Evening Standard a newspaper of London in its Tuesday 18 April 2006 edition does claim:

'Higher education minister Bill Rammell said radical reform was necessary if Britain was to compete globally with countries such as China and India. China has just overtaken the UK to become the world's fourth largest economy.' (Evening Standard, 2006)

It is becoming evidentially clear that the noted perception of a larger population pointing to a larger market, resulting into wealth is transformed from perceptual reasoning into fact. It does establish the assumption that there is no difference between the perceptual reasoning of larger population pointing to larger market and resulting into wealth, and the related empirical evidence.

The near match to the thought of monetary regionalism and the maximisation of wealth of West Africa is the euro of the European Union. Paul Templeton in his book *The Euro did access* the GDP and population of the three big economies of the world in a simplistic data as below.

The Big Three

| Country | GDP (\$bn) | Pop. (Million) | GDP/capita (\$) | Trade as % of GDP |
|----------------|-------------------|-----------------------|------------------------|--------------------------|
| Euroland | 6810 | 287 | 23,756 | 13.2 |
| USA | 8903 | 273 | 32,622 | 12.9 |
| Japan | 4429 | 126 | 35,021 | 10.4 |

Figure 5 Core statistics for Euroland, USA and Japan (1999). Source: Oxford Economic forecasting

The above data does show that, Euroland with the highest population and Trade as percentage of GDP (Gross Domestic Product) has moved their aggregate economies into the big three economies from the introduction of the euro in 1999. A country as Portugal would not have been a strong economy in recent times should she have been an 'out country', but for her membership of the European Union (EU) and her qualification into Eurozone. So, by virtue of her membership Portugal has risen as part of the team of The Big Three economies. Central Intelligence Agency (CIA) does put the population of Portugal at 10,605,870 and the population growth rate is put at 0.36 per cent a year 2006 estimate, with a GDP per capita of \$18,600 and the UNICEF did put the population at 10,414,000 a year 2004 estimate. The respective GDP per capita of Portugal

compared to Germany the European economic giant and The United States of America from 1974 to 1997 are as follows:

GDP per capita (US\$ at current PPPs)

| Country | 1974 | 1979 | 1984 | 1989 | 1994 | 1995 | 1996 (estimated) | 1997 (prov) |
|----------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------------|----------------|
| Portugal | 2,562 | 3,966 | 5,715 | 8,554 | 12,042 | 12,457 | 12,962 | 14,205 |
| Germany (a) | 4,414 | 7,466 | 11,136 | 14,976 | 19,754 | 20,510 | 21,570 | 22,462 |
| <u>United States</u> | <u>6,816</u> | <u>11,055</u> | <u>16,020</u> | <u>21,270</u> | <u>25,764</u> | <u>26,711</u> | <u>27,821</u> | <u>29,180</u> |

Figure 6. Note: (a) Estimation for Germany. Sourced from UK parliament

Deducing from the data above, the GDP per capita of Portugal in 1997 (provisional) immediate pre- euro as compared to 2006 (estimate) is: US\$14,205 to US\$18,600. This confirms the assertion that Portugal has benefited from its membership of the Eurozone, with a significant rise in GDP per capita.

Inferring from the experience of euro, it can be used as a bases for the growth and wealth maximization of the West African common currency (Eco). The population and GNI per capita of the various would be 'in countries' of Eco is as illustrated on page 20. The Gross national incomes (GNC) of all the 'in countries' of Eco are below seven hundred and sixty-nine US dollar (\$769) and this puts them in the low level income category, precisely placing all the Ecozone members poor nations. Despite the fact that the aggregate population of the Ecozone would be as large as 166 million, the average GNI of the region is unexpectedly low at US\$378 as at year 2006. The above deduction points contrary to the thought of a larger population leads to a larger market and results into a wealthy region. This rekindles the author's conception of the phases of the Eco as 'Short term pain for long term benefit'

Population and GDP per capita (US\$)

| Country | Population (2004) | GDP per capita (US\$), 2005 estimate | GNI per capita (current US\$) |
|----------------|--------------------------|---|--------------------------------------|
| Gambia, The | 1,478,000 | 1,800 | 290 |
| Ghana | 21,664,00 | 2,400 | 450 |
| Guinea | 9,202,000 | 2,200 | 370 |
| Nigeria | 128,709,000 | 1,000 | 560 |
| Sierra Leone | 5,336,000 | 900 | 220 |
| | 166,389,000 (Total) | 1,660 (average) | 378 (average) |

Figure 7. Sourced from UNICEF and World Bank. GNI is based on the Atlas method

On a simplistic mathematical view, the would be Ecozone had a total population of 166 million in year 2004, which is a multiply times larger market than any other individual member country apart from Nigeria of 128.7 million a near match. Nigeria because it is the single most populated member country in the region, but with a rather low Gross Domestic Product (GDP) per capita. Inferring from Figure 7, it can be observed that should the Eco have been introduced in years 2004 - 2005, the region will have had a cumulative population of 166 million with an average GDP per capita of US\$1,660. Upon further analyses of the GDP per capita, The Gambia, Ghana and Guinea would from inception of Eco they would experienced hard times and a harsh economy, should the common currency come into effect this year 2006. On the converse, Nigeria and Sierra Leone would have experienced an uplift in their economies in terms of their GDP in year 2005 under the introduction of the Ecozone (2005). This is on condition that all would be member countries have attained a harmonized convergence criteria. Figure 7 does depict a good image of the initial stages of the Ecozone when it comes into effect. It is observed that the GDP per capita and GNI per capita of the region will fall lower than some of the would be Ecozone member countries, and it will be

extremely lower than the anticipated higher-level income status. As a recap, World Bank ranges GNI as follows:

| Status | GNI per capita US\$ |
|---------------------|----------------------------|
| High Level Income | > 9,000 and above |
| Middle Level Income | > 769 and < 9,000 |
| Low Level Income | < 769 |

A close look at the population figures of Ecozone in Figure 7 and that of Japan in Figure 5 does point to a serious re-thinking of population and economic growth of the would be Ecozone. It is clear that the population of Ecozone at 166 million is higher and comparable to that of Japan of 126 million, but on the contrary the average GDP of Ecozone is extremely lower than that of Japan a top member of the world wealthiest nations. Based on the earlier perception of larger population pointing to larger market and resulting into wealth, the Ecozone will initially succeed in creating the larger population and a larger market but would disappointedly create further poverty. This assessment of the Ecozone initially creating a larger population leading to a larger market size but would result into a lower regional economic condition, does provoke a lot of thoughts, with progressives as:

- Short term pain for long term benefit

In other for the would be regional monetary integration (Ecozone) to materialize and resulting into wealth as the perception stands, the aggregate economies of the 'in countries' should be managed, control and monitored in a harmonized mode by the West African Central Bank (WACB). All economic parameters and policies to be implemented by WACB should be targeted at Japan's level since the two economies have about the same population. This high standard (Japan's economic achievements) to be implemented by WACB will be in line with the "Short term pain for long term

benefit” in order for the region (Ecozone) to attain the last step of the perception of wealth. Should WAMZ work its economy at the standard of Japan’s as adduced, the Ecozone will automatically be admitted to join the Group of wealthy nations, and the current state of the ‘in countries’ as poor countries will be a thing of the past, and pertaining to the short term journey of the Ecozone. As a further look, World Bank data will help illustrate the previous view.

Population and GNI per capita of 2004

| Country | Population, Total (millions) | GNI per capita, Atlas method (current US\$) |
|--------------------------|------------------------------|---|
| The Gambia | 1.5 | 280 |
| Ghana | 21.7 | 380 |
| Guinea | 9.2 | 410 |
| Nigeria | 128.7 | 430 |
| Sierra Leone | 5.3 | 210 |
| <i>Ecozone (WAMZ)</i> | <i>166.4</i> | <i>342 (average)</i> |
| Liberia ** | 3.2 | 120 |
| Benin | 8.2 | 450 |
| Burkina Faso | 12.8 | 350 |
| Cote I’voire | 17.9 | 760 |
| Guinea-Bissau | 1.5 | 160 |
| Mali | 13.1 | 330 |
| Niger | 13.5 | 210 |
| Senegal | 11.4 | 630 |
| Togo | 6.0 | 310 |
| <i>WAEMU</i> | <i>84.4</i> | <i>400 (average)</i> |
| Japan | 127.8 | 37,050 |
| India | 1079.7 | 620 |
| China | 1296.2 | 1,500 |
| United States of America | 293.7 | 41,440 |
| WAMZ and WAEMU | 250.8 | 377.7 |

Figure 8. Modification of World Bank data Liberia** though an ‘out country’ it has expressed interest in being a WAMZ member.

The population of WAMZ is slightly greater than Japan's but as earlier stated its Gross National Income (GNI) is unfortunately less than 1 per cent (specifically 0.93 per cent) of Japan's. West Africa region's (WAMZ and WAEMU) population is close to United States of America's but again with a GNI as low as 0.97 per cent of the United States'.

It is evidentially clear that an economic integration within the West Africa region would create a larger market with a population as high as that of the United States (the world largest economy), but with an initially very low level of GDP and GNI. However the region has a vast potential of growing into an economic giant by implementing stringent and prudent economic policies as should be managed by the West African Central Bank (WACB) as a long-term goal, cum the vast amount of rich minerals including oil. A case in point is, the pre-euro and post-euro economic state of Portugal, which does confirm the earlier assessment that WAMZ when implemented could lead the poorer member nations as Sierra Leone into an economically better and healthier state. With Ecozone's GNI as low as 1 per cent of Japan's or that of USA's it seem extremely impossible to attain an economy as strong as an member of The Big Three on the face value. But upon a careful analysis, employing the prominent factor as population, intra-regional trade and provided the regional authorities operate a complete economic overhauling of region's economic policies among other approaches, would the region benefit from the long-term benefits of monetary unification.

Trade in Goods

Trade is the known economic activity that transcends beyond language, xenophobia, and even politics. As previous noted the West Africa region is divided into two distinct language lines, as English and French. Over the years language has and still is one of the major stumbling block towards the full and proper unification of the region. The Francophone block which has a notch of advantage in its current existing common currency, which is the CFA as compared to their English counterparts who are running their respective national currencies. Language has compounded the situation in that it impedes free movement of persons and goods within the region. Specifically, a second look at the various maps of the West Africa shows that English-speaking countries are bordered by their Francophone neighbors, say Ghana has Togo on the eastern end, Ivory Coast the western and Burkina Faso on the northern. Also, Nigeria has Benin on its Western and Cameroon on the east, and Niger on the north, and so it is for the other countries. Besides English language and French that are the official languages of most countries in West Africa, Guinea Bissau and Cape Verde are Portuguese speaking. Hence the region is said to be Anglo-Franco-Portuguese language speaking region. The specific hindrance to trade is that because of the language barrier, across country movement is impeded with country specific immigration policies. The irony here is that the previous colonialists as United Kingdom, France and Portugal currently have an open border system as per European Union (EU) regulations. Specifically, British nationals cross the channel into Paris for as little as domestic shopping with very little immigration restrictions, and vice versa. The noted hindrance is from the English end, where it is reported the HM Customs personnel levy tax on her citizens who transport bulk purchases of beer and cigarettes for personal use from France to United Kingdom. This particular issue is before the European Union courts for resolution as per the complainant that is France. Whiles compiling this dissertation both countries have reached a

gentleman's agreement over the booze cruise of citizens of the United Kingdom who buy alcoholic beverages and cigarettes from France. In the Metro newspaper of Wednesday, May 10, 2006 as: "Booze cruisers can now stock up on unlimited cheap cigarettes and alcohol without fear of having their cars impounded. Drivers loaded down with bargains from France or elsewhere in Europe will just be 'asked a few questions' to confirm the tobacco and drink is for their own use, and waved on their way.....Alcohol and tobacco smuggling costs the Treasury nearly £3billion a year. But the Government's response - impounding 90,000 vehicles a year - has been deemed too harsh and a block on free movement of goods by the European Commission. Now, after a five-year battle, Britain has backed down.But booze cruisers will be allowed to bring more back provided they offer assurances it is for their personal use.The EC says it is happy with the compromise and has cancelled a proposed challenge in the European courts." (Higginson, J. 2006)

An inference could be drawn from the booze cruise as linked with exchange rate issues between the Euro and Pound sterling, and revenue generated from import tax and not language as the case of West Africa.

Although ECOWAS has theoretically legislated a free movement between member countries, border closures and stringent immigration controls has made it difficult for intra-regional trade for both the local market woman (in Ghana are known as Lomè-Accra and Lagos-Accra) and even worse for big manufacturing firms who operate in the region.

It is worth mentioning that Ghanaian traders who are involved in cross border trade are most women who are mostly in their middle ages. Ghanaian traders who are involved in intra-regional trade are called Lomè-Accra or Lagos-Accra. Lomè-Accra means traders who buy goods (shoes, wax prints, cloths and toiletries) from Lomè' to sell on the Ghanaian market in Accra, some firms clear their vehicles and materials through the port of Lomè and taking advantage of their duty free port system. These traders operate in a cyclical manner, say they carry goods (dried fish,

pepper, ginger, mangoes and oranges to name a few) from Ghana onto Togolese market in Lomè'. These goods are sold through middlewomen called "Naana Benz" in Togo and the traders in-turn use their proceeds to buy goods from Lomè' and transported to the Ghanaian market and disposed off through the usual middlewomen called "Market Queens" in Ghana. That of Lagos-Accra is about the same as previous mentioned. Here Ghanaian goods (preserved food and fish) from Accra in Ghana are transported either by road, or aircraft, or of recent by cargo ships to Lagos in Nigeria, and on their return bring goods (mostly vehicle spare parts, and some wax prints, slippers-sandals) onto the Ghanaian central spare parts market in the suburb of Accra called Abbosey Okain. Obviously the Lagos-Accra trade involves a bigger capital than that of the Lomè-Accra one.

Other cross border trading involves Ghanaians illegally smuggling petroleum products and cocoa to Togo and Ivory Coast. With cocoa bean, depending on the highest buying price by the cocoa buying firms of either country, so in that direction do the cocoa bean farmers drift. It could be from Ghana to Ivory Coast and vice versa or from Ghana to Togo and the reverse is also possible. These specific trade products i.e. Cocoa bean and petroleum products are illegally smuggled across Togo-Ghana-Ivory Coast borders and so there are no official reordered quantities and volumes respectively.

Another product that is commonly traded across borders within the region are pharmaceutical products. Ghanaian and Nigerian pharmaceutical products are moved from manufacturing countries (Ghana and Nigeria) into Togo, Ivory Coast, Burkina Faso, Liberia, Benin, and Sierra Leon and as far as Niger and Mali. The regional pharmaceutical manufacturers and as usual individual market women (traders) and smugglers are involved in this cross border trade.

Besides human movement in the West African region the Nomads of Burkina Faso and Mali move their herds of cattle across borders seeking grazing land, and in that process the Nomads carry out both farming and trading activity. Inter-regional livestock trade is been known in the region

may be dated back to the era of the great trans-caravan trade. Although cross border trade is very old in the West African region, it is saddled with immigration policies and illegal extortion of 'taxes'. The illegal 'taxes' are monies extorted from herds men (mostly, these are the Nomads from Burkina Faso and Mali). In the West African region, just as in the rest of the world, livestock and in particular cattle is considered as a major source of wealth. Cattle are so valuable that in some ethnic communities it serves as dowry during marriage. International Livestock Research Institute does confirm the thoughts about existing inter-regional cattle trade, immigration and the hindrances to proper regional economic integration as:

"Livestock trade policies differ widely between countries in West Africa. Burkina Faso, Mali and Niger are livestock exporting countries, and want to strengthen livestock marketing and processing and promote regional trade. Livestock importing countries such as Côte d'Ivoire, Ghana, and Nigeria, promote policies that protect local livestock producers, boost internal production, and ensure food security in livestock products. . .

- In West Africa, cross-border transportation can cost a staggering 300% more than the equivalent transfer of beef from Europe to West Africa's coast. Meantime, regional cross-border transfer of cattle costs twice as much as domestic transportation, despite better transportation infrastructures.
- Intra-regional trade in live animals attracts certain costs which are unlikely to be incurred if meat products are traded. For example, livestock drovers (people who drive herds of animals to market) are paid handling fees during the 2-3 day trip.
- Some governments in the region are not fully committed to the implementation of agreed trade policy reforms concerning trade liberalisation and facilitation, exchange and payments systems and investment facilitation. This negatively affects costs of livestock trade and regional integration.

- Illegal road taxation at numerous checkpoints can be as much as 10% of total marketing costs.

Here, traders are required to make non-receipted payments to public agents for no obvious reason (see box below)

“Illegal ‘taxes’ at checkpoints hurt regional livestock trade

Numerous checkpoints exist along the highways where non-receipted payments are systematically made to police, customs, veterinary and other officials per truckload of cattle.

. Along the main cross-border trading routes, the checkpoints at Ferkessedougou and Bouake, both Cote d’Ivoire, have the most notorious reputation, harbouring up to three different agents, namely: police, customs gendarmerie.

. The checkpoint in Zegua, Mali is also reputed for frequent payments made to officials. Depending on the itinerary, total non-receipted payments can range from 12,000 FCFA on the Bittou to Accra route to 71,000 FCFA from Sikasso to Abidjan, translating respectively to 1.7 and 10.5% of cross-border marketing cost for cattle in the two routes.

. Illegal ‘taxes’ between Sikasso to Abidjan are nearly twice as high as the government imposed fuel taxes for the same route.

Abolishing illegal cross-border ‘taxes’ would result in significant cost reductions and minimisation of delays that lead to deteriorating cattle health and sometimes death.” (Okike, T.O et al, 2005)

Regional integration has been proven to boost trade and enhanced economy of each member state of the developed economies, and this sector of the dissertation does investigate whether regional integration per common currency of the West African region made of a developing economies would boost internal trade and subsequently an improvement in the economies of the region. Previous discussions of various items traded across the West Africa border does establish the fact that there is an existing cross border trade both legally and illegally. As to the rate of cross border trade, data extracted from Nwabuzor, A.M and Dba’s work entitled Economic

Integration In Africa: Trade Flows Within Various Bloc does clarify issues. Nwabuzor A.M and Dbal did state in their work that:

“Trade within the ECOWAS region, however, showed a larger average annual growth, 14.7 percent during the same period. Only the ECOWAS region showed modest increases in the ratio of the regional trade to total imports.” (Nwabuzor A.M. and Dbal 2002)

The table below depicts the rate of trade of West Africa.

Africa’s Trade Growth, 1992 - 1997, in Percentages

| Year | Trade within ECOWAS | Trade within Africa | Exports to EEC |
|------|---------------------|---------------------|----------------|
| 1992 | 62.5 | 8.9 | 3.3 |
| 1993 | 8.3 | 11.4 | -13.9 |
| 1994 | -1.7 | 32.3 | 6.5 |
| 1995 | 19.8 | 11.9 | 13.2 |
| 1996 | 19 | 7.2 | 12.4 |
| 1997 | 9.1 | 11.2 | 2.2 |

Figure 9. Sourced from African Development Indicators 1996

Data in Figure 9 thus confirm the earlier assertion that there exists some level of trade within the region of West Africa, although the data is not current. A critical analyses of the data in Figure 9 does depict some critical observations:

- Data did group all goods traded but did not differentiate between the types of goods traded. The substantive issue here is the type and value of goods traded does go a long way for further analyses.

- It is evidential that there is a declining volume of trade within the ECOWAS region, as the years pass-by. The percentage of trade within ECOWAS was highest in 1992. It did decline sharply from 62.5 per cent to 19.8 per cent in 1995, then a continues decline from 19 per cent to 9.1 per cent in 1996 and 1997 respectively.
- It is clear that regional trade within West Africa is very low, and this does neither aid regional growth nor boost wealth generation.
- With the declining rate of intra-ECOWAS trade, it signifies the decline of job creation and eventually an increase in unemployment.

Africa's Growth Graph

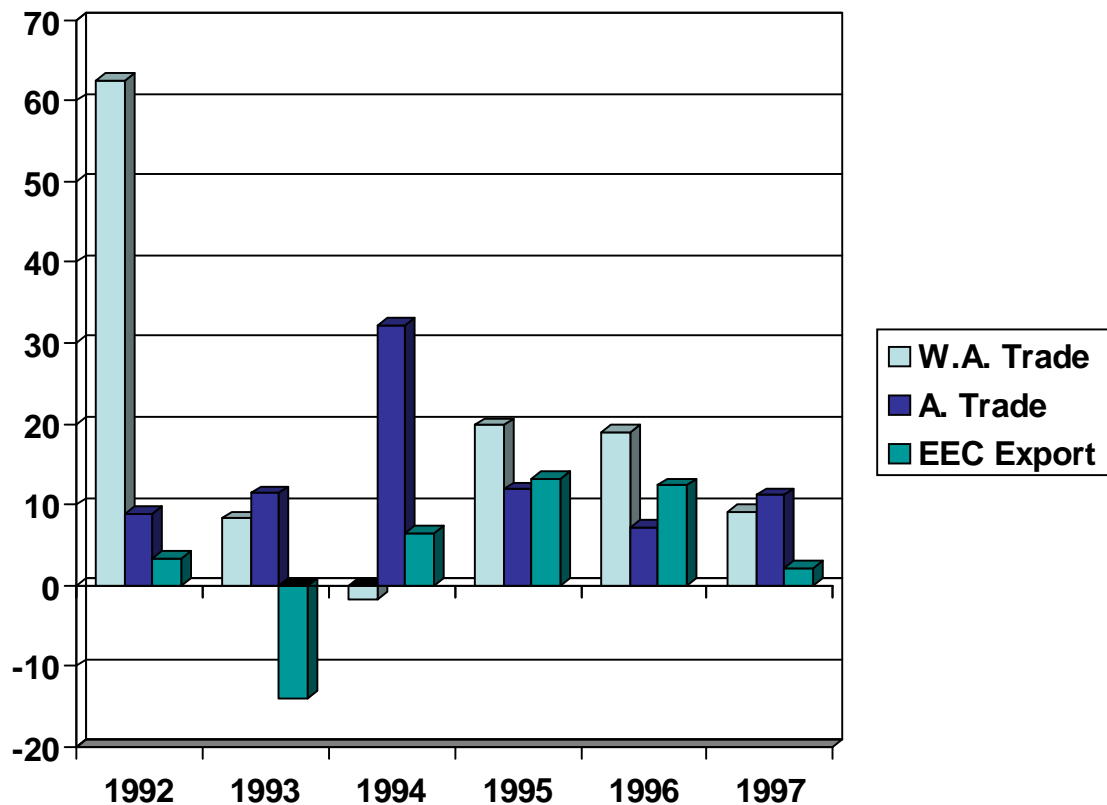


Figure 10. Bar chart of regional trade within West Africa, Africa and EEC export.

Trade within Ecowas

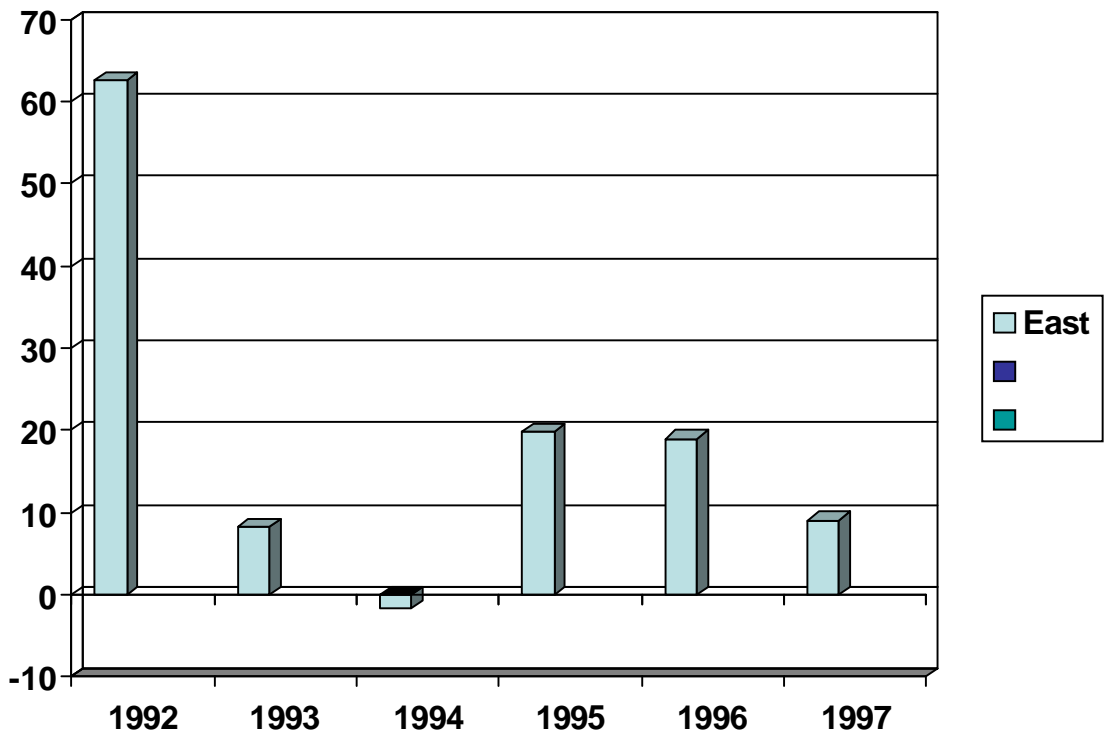


Figure 11. Bar chart of trade within West African region (ECOWAS) in 3D.

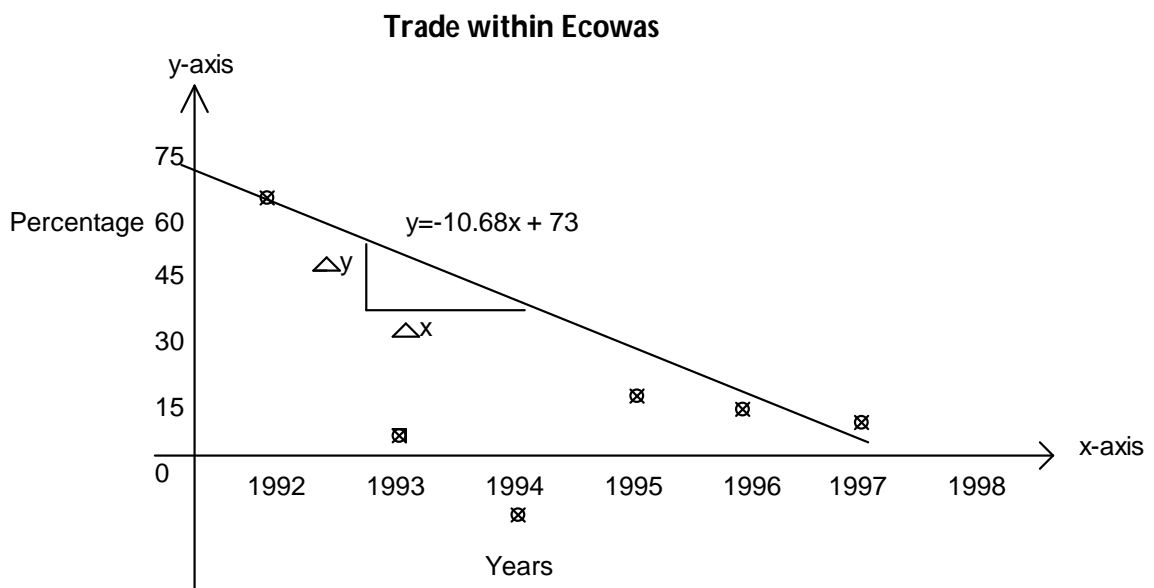


Figure 12 Linear graph of Trade within Ecowas.

Graphs of figure 10 and figure 11 which depicts a pictorial representation of figure 9 does contradicts Nwabuzor and Dba's (2002) observation that:

"Trade within the ECOWAS region, however, showed a larger average annual growth, 14.7 percent during the same period. . . . Only the ECOWAS region showed modest increases in the ratio of the regional trade to total imports".

It is evidential from the graph that trade within the ECOWAS region has experienced a continuous decline from 1992 to 1997, with the 1994 being the trough of trade, and 1992 as the best regional trading year.

Another pair of African trade authorities findings did confirm trade patterns of the West African region as shown in data of figure 9 and depicted as graphs of figure 10 and figure 11. Simply put, Hanink and Owusu (1998) did observe the steep decline of trade within the West Africa sub-region as:

"This paper reports the results of an examination of the direction of trade within the Economic Community of West African States (ECOWAS). The examination was conducted in order to determine whether ECOWAS is effective in enlarging trade among its members. Such an effect would indicate that the type of integration efforts that promote trade among industrial countries may also be applicable in less-developed regions. The paper provides an overview of ECOWAS and contains a description of recent directional trade patterns within the region using the trade intensity index (TII). That measure, in turn, is analysed using a spatial interaction model specified as a tobit regression. Our measure of TII indicates that trade flows within the region are strong when considered on a relative basis. However, a comparison of recent trade flows to earlier ones indicates that a very similar pattern of trade flows existed before ECOWAS was formed. Our primary finding, therefore, is that ECOWAS has not been effective in promoting trade among its members." (Dean M. Hanink and J. Henry Owusu 1998)

A further look at CIA Fact book on West African countries' trading pattern will help establish the precise goods and services traded.

The Gambia:

- "Natural resources are: fish, titanium (rutile and ilmenite), tin, zircon, silica sand, clay, petroleum.
- Agriculture - products: rice, millet, sorghum, peanuts, corn, sesame, cassava (tapioca), palm kernels; cattle, sheep, goats
- Unemployment rate: N/A%
- Industries: processing peanuts, fish, and hides; tourism, beverages, agricultural machinery assembly, woodworking, metalworking, clothing
- Current account balance: -\$20.54 million (2005 est.)
- Exports: \$140.3 million f.o.b. (2005 est.)
- Exports - commodities: peanut products, fish, cotton lint, palm kernels, re-exports
- Exports - partners: India 23.7%, UK 15.2%, France 14.3%, Germany 9.6%, Italy 8.3%, Thailand 5.9%, Malaysia 4.1% (2004)
- Imports: \$197 million f.o.b. (2005 est.)
- Imports - commodities: foodstuffs, manufactures, fuel, machinery and transport equipment
- Imports - partners: China 23.9%, Senegal 11.6%, Brazil 5.9%, UK 5.5%, Netherlands 4.6%, US 4.4% (2004)
- Debt - external: \$628.8 million (2003 est.)
- Economic aid - recipient: \$59.8 million (2003)"

(CIA - The World Factbook 2006)

The Gambia's major export is agricultural products and she in turn imports fuel and manufacturing equipments to keep her industries running particularly the, peanut processing industry. A critical look at The Gambia's export and import commodities does depict that her trading pattern is mainly an agrarian cycle. In that she exports some of her raw agricultural products, then in return she imports fuel and machinery for processing the remaining agricultural products for re-export. The quantification of her revenue from exports and expenditure on imports are \$140.3 million and \$197 million respectively. This resulted into a simplistic trade deficit of \$57.7 million (US Dollars) in her international trade for the year 2005. The Gambia's stated current account balance was in deficit of \$20.54 million, which does confirm the earlier simplistic international trade balance. A schematic representation of The Gambia's international trade cycle is:

The Gambia's Trade Cycle

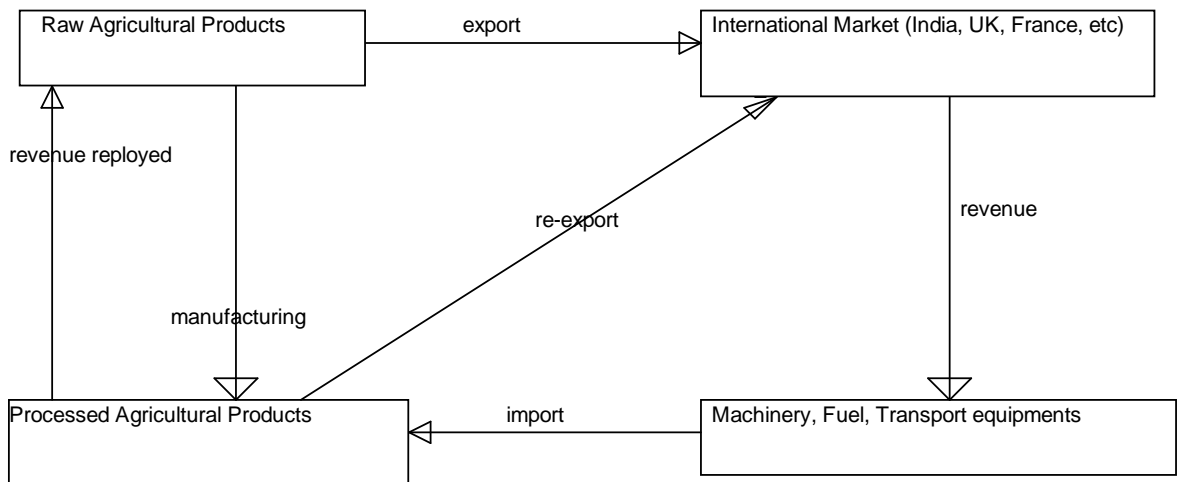


Figure 13 Gambian trade cycle

Figure 13 does shows that The Gambia is primary an agrarian country, with an aim of developing into an agro-industrial set-up. This deduction from the CIA Factbook about The Gambia also depicts that she is in the primary stage of economic development. As a recap, the various stages

of economic development are: Agrarian stage grows into an Industrial stage, then the services emerge. From Figure 13 it is clear The Gambia is on course into developing into an industrial country or a 'workshop state'. The current accounts of The Gambia that stands as a debit of \$20.54 million (US Dollars) is be mainly attributed to trade in goods, and specifically agricultural goods. Unlike the United States of America (USA) and United Kingdom (UK) whose economy has grown through the various stages into the services stage where services are exported, and it has recorded surplus accounts for the past five years, The Gambia does not have a significant services audit as part of her current accounts. Trading pattern of The Gambia does show all signs of growth in the very near future, if its economy remains on course. Should the Eco come into realization, The Gambia's trading pattern is anticipated to benefit from substantially heights as well as contributing significantly to the increase in volume and size of the regional market. European Union is the major export destination of The Gambia's exports, summing up to an estimated 48 per cent and this is as current as year 2005. The Gambia's trade within the West African region is very minimal if not virtually non-existence, and it does confirm the Trade graph of figure 12. Although The Gambia does carry out very little export to the West African region or her export within the region is not well documented or her regional export is unofficial (smuggling and evading tax), she does import goods from neighboring Senegal on a substantial level. The Gambia's intra-regional trading attitude does lead to a deficit in balance of trade. In other words, The Gambia only imports from Senegal within the region and on substantial bases without exporting any commodity in return, hence such a practice leads to deficit in balance of trade in terms of trade in goods.

A fine look at The Gambia's international trading practice does defeat one of the cardinal aims of regionalism, which is for all member countries to place priority on intra-regional trade in terms of intensity and diversity of goods, services and commodity. Since the countries in the West African region share a lot of common cultural values, it serves as a good platform for a drastic

increase in intra-regional trade, which would lead to a sharp decrease in the high levels of unemployment patterning currently, and an apparent increase in regional wealth, also wealth generated in individual countries. An important trade lesson could be learnt from Eurozone as an encouragement to the would be ecozone, as quoted from the BBC website as:

“In international trading the eurozone comes out on top. Its members export more than \$652bn (560bn euros), and have an additional \$1,110bn (950bn euros) of trade within the European Union. The US economy exports goods and services worth \$585bn.” (BBC News 2006)

This is a classic case of adoption of a common currency for the region (Europe) leading to a boost in regional trade and its additional benefits such as a reduction in regional unemployment, and wealth creation.

On the whole, The Gambia’s economic plan looks well formulated for long-term economic achievements. Should The Gambia improve on its agro-industries for both regional and international exports it will earn a lot more revenue from international trade instead of its current practice of exporting raw agricultural materials. In other words, the Gambia should shift its concentration from exporting raw agricultural materials to exporting finished agricultural materials. Also The Gambia must build storage facilities, so she can regulate prices of her exported products on the international market in her favour. Further, The Gambia must look within the West African region for an increased trading in goods and services in terms of volume and depth. Intra-regional technology transfer of specialist and technology be encouraged within the West African region.

Ghana

“Well endowed with natural resources, Ghana has roughly twice the per capita output of the poorer countries in West Africa. Even so, Ghana remains heavily dependent on international financial and technical assistance... The domestic economy continues to revolve around subsistence agriculture, which accounts for 34% of GDP and employs 60% of the work force, mainly small landholders.

- Population below poverty line: 31.4% (1992 est.)
- Public debt: 80.1% of GDP (2005 est.)
- Agriculture - products: cocoa, rice, coffee, cassava (tapioca), peanuts, corn, shea nuts, bananas; timber
- Industries: mining, lumbering, light manufacturing, aluminium smelting, food processing, cement, small commercial ship building
- Industrial production growth rate: 3.8% (2000 est.)
- Unemployment rate: 20% (1997)
- Oil - production: 7,433 bbl/day (2003 est.)
- Oil - consumption: 39,000 bbl/day (2003 est.)
- Oil - proved reserves: 8.255 million bbl (1 January 2002)
- Current account balance: \$57 million (2005 est.)
- Exports: \$2.911 billion f.o.b. (2005 est.)
- Exports - commodities: gold, cocoa, timber, tuna, bauxite, aluminium, manganese ore, diamonds

- Exports - partners: Netherlands 12.3%, UK 10%, France 6.9%, US 6.4%, Belgium 4.7%, Germany 4.5%, Japan 4.2% (2004)
- Imports: \$4.273 billion f.o.b. (2005 est.)
- Imports - commodities: capital equipment, petroleum, foodstuffs
- Imports - partners: Nigeria 12.6%, China 11.4%, UK 6.6%, US 6.4%, France 4.9%, Netherlands 4.2% (2004)
- Debt - external: \$7.084 billion (2005 est.)
- Economic aid - recipient: \$6.9 billion (1999)" (CIA - The World Factbook 2006).

Ghana's economy is mainly agricultural and mineral mining oriented. Revenue generated from mineral exports is the major source of her foreign exchange. Cocoa and Gold are her highest agricultural and mineral export commodities respectively. Just as The Gambia and Ghana's main export destination is Europe, with little or no officially known records of export within the West African region. Contrary to CIA's data on Ghana's regional export trade, there is significant level of smuggling out of Ghana. Smuggling to-and-fro Ghana within the West African region does have an adverse effect on the Ghanaian economy in terms of lost in revenue to have been generated from taxation. Cocoa smuggling out of Ghana into the neighbouring countries was well noted in the Public Agenda newspaper of October 13th, 2002 as:

"Smuggling of cocoa across the borders of Ghana has been the bane of the cocoa industry to the extent that Ghana loses between 50,000 to 60, 000 metric tons of the crop annually to smuggling. Last year Ghana managed just 340,000 metric tonnes down from a projected 390, 000 metric tonnes, making her cede the second position to Indonesia which bagged 460, 000 metric tonnes. Cote d'Ivoire the world's leading producer, produces 1.2 million metric tonnes, three times

Ghana's. But now Cote d' Ivory's lead looks threatened due to the ongoing military insurrection. As rebels inch towards taking control over the cocoa producing areas of the troubled country, Ghana's cocoa industry looks set to rebound. Not until smuggling has been checked. In addition to using competitive pricing to dissuade farmers from smuggling their products to neighbouring countries, the minister charged all Licensed Dealing Companies to, within a week declare to Ghana Cocoa Board their operations in neighbouring countries. This is in a bid to check smuggling." (Safo, A. 2002)

Another related issue is the smuggling of textiles and wax prints out of Ghana and its adverse effect on the Ghanaian economy through lost of taxes. The Ghanaian Chronicle did publish an article titled 'Ghana: CEPS Worried Over Increase in Textiles Smuggling' on May 8, 2006 which does confirm the earlier assertion of notably high rate of unofficial exports out of Ghana into the West African region and its attendant effect as:

"The Assistant Commissioner said there had been a massive increase in the smuggling of textiles along the frontiers since regulations were made for the channelling of all imports through the Takoradi port and added that the service had in its custody seized wax prints from Aflao, Ho, Sunyani, Tamale and the airport, with a tax value totalling over ¢ 72 billion....

It is most disheartening to encounter some persons who even go further to send samples of Ghanaian prints to other countries, example China, for reproduction into cheaper textiles, which are later smuggled into the country", she stressed and cautioned that the illegal acts infringe not only national but also international laws on piracy and counterfeiting.

The importance of CEPS, as an institution she said, derived from the significant contribution it makes in revenue generation for the running of the economy, its security functions and the agency

duties it performs on behalf of some government institutions adding the service collects about 55 percent of total tax revenue". (Asante, A.N. 2006)

Ghana's economy is highly geared and to a high extent dependent on donor countries and agencies funding of its budget in forms of aid and loans. With a public debt as high as 80 per cent of GDP and economic aid forming a major part of its external debt of about \$7 billion.

A careful look at Ghana's external debt points to oil import as one of the major causes and expenditure that offsets her budget. As crude oil import opening price was \$35.50 per barrel on March 19, 2003 prior to the Gulf war and it rose to a closing price of \$74 a barrel on February 5, 2006. Since Ghana imports and consumes about 39,000 barrel a day as of 2003 it costs her roughly \$1,384,500 a day. Granted, Ghana maintains the same amount of oil consumption in 2006, it did cost her \$2,886,000 a day. With the nature of the Ghanaian economy being highly geared, it is plausible she did fund her oil consumption with loans or aid. The estimated economic damage the steep rise in oil has done to the Ghanaian economy from 2003 to 2006 is the difference of \$1,501,500 per day. In the absence of actual data from the Ghanaian authorities of her oil consumption and cost to economy, the above illustration points to a serious deterioration of the Ghanaian economy and its indebtedness caused by oil imports. The oil price hike between the pre-Gulf war II and the Gulf war II era will eventually raise the inflation rate of the Ghanaian economy.

Besides the global oil price shock that has adversely crippled the Ghanaian economy, her major export commodities are also subject to prices dictated by market forces and buyer power. A combination of global oil price shock and fall in gold and cocoa price on the international market has had a devastating effect on the Ghanaian economy. Some researchers of worldwrite confirmed the analyses of the Ghanaian export trade as:

"The two most successful areas of the economy are gold and cocoa production...

Both the gold and the cocoa sectors are highly dependent on what happens in other countries. How much money people from outside Ghana invest will have a big influence on how much gold is mined or how much cocoa is harvested. Because Ghanaians do not have enough money to invest in their own industry they are reliant on investment from abroad. Because so much of the investment comes from abroad, most of the profits made in Ghana end up going abroad to the people who invested their money.

Also, most of the gold and cocoa is sold outside of Ghana. That means that the Ghanaians are dependent on the prices that people are prepared to pay for their products." (Worldwrite, 2006)

The Ghanaian economy is mainly raw materials export driven with the intention of generating high revenues but with price falls due to global competition recently, she is not earning as expected. High oil prices coupled with Ghana's high dependence on oil per import have worsened the Ghanaian economy, making it difficult to manage. The fragility of Ghanaian economy is partly attributed to her high dependence on oil (imported petroleum products) and the folding-up trends of her industrial sector. With about 80 per cent public debt as percentage of GDP, the continuous concentration on raw materials export, increasing dependence on economic aid, grants, and loans from international financial institutions to balance her yearly budget is not economically prudent for the Ghanaian economy. Should Ghanaian authorities cooperate with both WAMZ and author's convergence criteria of the Eco, her economy is very likely to make the volte-face for the better.

Unlike The Gambia that has a cyclical international trade pattern, Ghana's international trade pattern only runs her into high debt, and unless a radical economic turn-around is adopted it will be difficult for her to achieve the convergence criteria to qualify for Eco membership.

Nigeria is the only noted country within the region that Ghana imports from. Precisely, Ghana imports oil from Nigeria as a one-way trade mode. Such a trade pattern as earlier stressed,

builds a deficit, and it does not order well for regionalism. Observably, Ghana's international trade is heavily dependent on imports without a commensurate export in value and volume, hence leading to a huge deficit in her balance of trade in goods and services. An arithmetical explanation shows that Ghana's revenue generated from exports was \$2.911 billion, while her expenditure per imports was \$4.273 billion, meaning the difference was a deficit of \$1.362 billion as current as year 2005. Further, Ghana's annual international trade deficit is one-fifth of her economic aid received from donor countries and global financial institutions. It can be inferred that one-fifth of the economic aid received by Ghana was used to make up for the short-fall in her international trade. This is a clear indication that Ghana is overly dependent on external support to keep her economy running.

Unlike The Gambia whose international trade deficit is minimal, Ghana's economy has not and is not well managed, and if stringent economic policies are not implemented to get her out of over dependence on foreign imports, the Ghanaian economy will not qualify for ecozone membership, and worse of all her economy will come to halt. In other words, granted the donor countries and international financial institutions decide not to increase lending to Ghana in the form of aid, grant or subsidies, it is evidentially clear that she will not be able to balance her budget and there will be heavy short-fall in funding of almost all economic activities, leading to economic chaos and creating political instability.

In the very near future, Ghana needs to embark on processing her raw materials into either finished or semi-finished materials for export and at the same time reduce focus on raw materials export. In a pragmatic mode, she will have to import machineries from preferably China for processing her raw materials into semi-finished products as a first step. After couple of years in producing semi-finished products she must advance into producing finished materials that are ready for export consumption.

Raw agricultural products must be stored and processed for both local and regional consumption, and surplus could be exported to the rest of the world. A quick turn-about from her current export oriented economy to long-term internal storage of processed products before exporting excess finished products the better. Ghana must take advantage of better pricing and conditions of sales to be gained from semi-finished and finished products for export instead of her current buyer determined raw material export driven economy.

Ghana could easily and cheaply import foodstuff from her neighbours Guinea and The Gambia, instead of her current source as China and Europe.

Since Ghana is endowed with minerals such as gold, diamond and aluminium, she must divert scarce resources into privately owned small and medium scale industries in processing the minerals into finished products say aluminium and gold foils which are ready for use in electronic equipments. Such a programme will both generate revenue for the state through taxes and would create jobs.

Oil as fuel is a global hot issue and it does not exclude Ghana, but from the author's previous deductions about the adverse effect of oil price hike on the Ghanaian economy, it requires Ghana to re-look at alternative fuel and modes of transportation in other to reduce her debt from oil purchases and at the same time improve on her movement of goods and people around at less cost. A few remedial approaches to reducing Ghana's high oil consumption could be:

- Government should improve on her already existing mass transport systems.
- Besides the Vehicle Examination and Licensing (VELD) tax, the government must introduce Road Tax. The proposed Road Tax should be dependent on type of vehicle, with the highest tax rate on vehicles with high fuel consumption rate such as utilitarian vehicles (4X4). This will generate revenue to cater for debt accrued from oil imports.

- Encourage car share by individuals who work around the same area, and in return the government should reduce participants Road Tax.
- Ghana must quickly venture into the use of vehicles that run on alternative source of fuel or energy, such as electric cars and Government must take the lead in this direction. Also the use of bicycle must be eagerly promoted for workers, and school children be encouraged to walk to-and-fro school. The workers bicycle scheme should be tiered within an incentive that will improve productivity.
- Biofuel must be considered on a larger scale production by the Ghanaian government since one her research centres has successfully produced the product. The government of Ghana must quickly move into production of her locally extracted bio-diesel for mass use. Despite the recognition gained by bio-diesel in Ghana since 2003 little has being done since, and the Ghanaian Times edition of 8th August 2003 does portray the recognition and advantages to be gained from the use of bio-diesel as:

“Ghana is to earn about 240 million dollars in savings from a cut in diesel import from next year . That will be the good news when the country begins, by the end of the year , the production of bio-diesel from physic nuts that abound in the country. Mr. Onuah Amoah, an engineer and executive chairman of the Ghana Bio-energy Limited, announced these at a press conference in Accra yesterday. He explained that the country would save annually about 200 million dollars used to import 700,000 tonnes of diesel and another 40 million dollars worth for the thermal plant at Aboadze. According to him, the first phase of the 1.2 million-dollar factory that will produce the fuel is near completion at Pomadze in the Central Region. It will have an initial capacity of 360,000 tonnes but production is expected to expand over the years. . . “A farmer who cultivates a 10 acre farm will earn a gross revenue of about ₵1 million per month ”. Registered farmers will

receive organic fertilizer from the company and the payment spread over the period”, he said. He intimated that the company would supply all farmers with seeds from planting. The Deputy Minister of Information, Mr. Andrews Awuni, said testruns of the bio-diesel had already been conducted and approved by the Ghana Standard Board (GSB), The Tema Oil Refinery (TOR) and the Environmental Protection Agency (EPA).” (Vinorkor, M.A, 2003)

Bio-diesel production will serve both functions promoting of the agro-industrial on one hand and the other as alternate fuel for powering and driving the Ghanaian economy. The hybrid form of energy being bio-diesel and electricity serving as fuel could also be explored. With large-scale production of bio-diesel it will transform the vehicle production industry significantly, and when Ghana seizes this opportunity and lead the ECOWAS region in this light it could lead into giant car manufacturers sitting their production plants in the region.

Guinea

“Guinea possesses major mineral, hydropower, and agricultural resources, yet remains an underdeveloped nation. The country possesses almost half of the world's bauxite reserves and is the second-largest bauxite producer. The mining sector accounted for over 70% of exports in 2004.

- Labor force: 3 million (1999)
- Labor force - by occupation: *agriculture: 80% industry and services: 20%* (2000 est.)
- Population below poverty line: 40% (2003 est.)
- Budget: *revenues: \$305.6 million*
expenditures: \$590.4 million; including capital expenditures of \$NA (2005 est.)

- Agriculture - products: rice, coffee, pineapples, palm kernels, cassava (tapioca), bananas, sweet potatoes; cattle, sheep, goats; timber
- Industries: bauxite, gold, diamonds; alumina refining; light manufacturing and agricultural processing industries
- Industrial production growth rate:
3.2% (1994)
- Unemployment rate: N/A%
- Oil - production: 0 bbl/day (2003 est.)
- Oil - consumption: 8,400 bbl/day (2003 est.)
- Current account balance: -\$268.4 million (2005 est.)
- Exports: \$612.1 million f.o.b. (2005 est.)
- Exports - commodities: bauxite, alumina, gold, diamonds, coffee, fish, agricultural products
- Exports - partners: France 17.7%, Belgium 14.7%, UK 14.7%, Switzerland 12.8%,
Ukraine 4.2% (2004)
- Imports: \$680 million f.o.b. (2005 est.)
- Imports - commodities: petroleum products, metals, machinery, transport equipment, textiles, grain and other foodstuffs
- Imports - partners: Cote d'Ivoire 15.1%, France 8.7%, Belgium 5.9%, China 5.9%, South Africa 4.6% (2004)
- Debt - external: \$3.46 billion (2003 est.)
- Economic aid - recipient: \$237.5 million (2003)" (CIA - The World Factbook 2006).

Guinea just like the two previously mentioned countries is primarily an agricultural based economy, although she is endowed with minerals.

Just as Ghana, Guinea's major export commodities are minerals as bauxite, alumina, gold and diamond in their raw forms, with the usual destination being Europe. In return for their exports, Guinea imports as usual petroleum products and machinery and processed foodstuffs. As the trend has shown so far, the only country within the region that Guinea imports from is Cote d'Ivoire of about the same volume (11 - 16%).

Although Guinea's international trade is well managed since her exports almost equates imports, however if she adopts some of this dissertation's recommendations to reducing petroleum products consumption and at the same time generating revenue it is most likely she will cross the trade deficit line into trade surplus and eventual creating wealth for the state.

With Guinea's rich mineral extraction and subsequent exports of the raw minerals, I recommend locally private owned small to medium scale processing plants as in the Ghanaian situation on page 35.

Also, Guinea must improve her agro-industries to cater for her agricultural products, which when exported will earn more revenue than the current raw agricultural export. Unlike Ghana, Guinea must not be wholly raw material export focused and ignoring storage for local consumption causing instability in prices of foodstuff.

Industrialised Guinea will be on a good platform for global competition to attract manufacturing jobs from other countries, especially the West (Europe and United States of America). Currently, China is the major if not the only known giant manufacturing country, because it is cheaper to outsource from China than to manufacture goods and provide services in the West. Hence if Guinea, The Gambia and the rest of the region project their economies from raw agricultural product base into an industrial hub of Africa, it will automatically attract

competitive jobs from the rest of the world, if not a spill over from China. The proposed industrialisation of the region (West Africa) will drastically reduce the high level of human waste (unemployment) and will create regional wealth for all countries.

Budgets deficit of Guinea is akin to Ghana's, and both countries seem to be requesting for and using economic aid to balance their budgets. Guinea stands an advantage of moving from balancing her budget with economic aid in a shorter time into wholly economic self-reliance than Ghana.

Guinea and The Gambia governments are managing their international trade prudently. If they (Guinea and The Gambia) replace their current raw materials with processed products export, and simultaneously reduce the high dependence on petroleum products and at same time improving their transportation system, they are expected to enjoy trade surplus in the short term, and eventual wealth. Besides importing from La Cote d'Ivoire, Guinea must lift up her intra-regional trade, so as to enjoy and eliminate transactional cost and tariffs of importing needed products from Europe and China, should the Eco come into realisation.

Nigeria

"Oil-rich Nigeria,, inadequate infrastructure, and poor macroeconomic management, is undertaking some reforms under a new reform-minded administration. Nigeria's overdependence on the capital-intensive oil sector, which provides 20% of GDP, 95% of foreign exchange earnings, and about 65% of budgetary revenues. The largely subsistence agricultural sector has failed to keep up with rapid population growth - Nigeria is Africa's most populous country - and the country, once a large net exporter of food, now must import food.

- Labor force: 57.21 million (2005 est.)
- Labor force - by occupation: *agriculture: 70% industry: 10% services: 20%* (1999 est.)
- Population below poverty line: 60% (2000 est.)
- Budget: *revenues: \$12.86 billion*
expenditures: \$13.54 billion; including capital expenditures of \$NA (2005 est.)
- Public debt: 11.2% of GDP (2005 est.)
- Agriculture - products: cocoa, peanuts, palm oil, corn, rice, sorghum, millet, cassava (tapioca), yams, rubber; cattle, sheep, goats, pigs; timber; fish
- Industries: crude oil, coal, tin, columbite; palm oil, peanuts, cotton, rubber, wood; hides and skins, textiles, cement and other construction materials, food products, footwear, chemicals, fertilizer, printing, ceramics, steel, small commercial ship construction and repair
- Industrial production growth rate: 2.4% (2005 est.)
- Unemployment rate: 2.9% (2005)
- Electricity - production: 15.59 billion kWh (2003)
- Electricity - consumption: 14.46 billion kWh (2003)
- Electricity - exports: 40 million kWh (2003)
- Electricity - imports: 0 kWh (2003)
- Oil - production: 2.451 million bbl/day (2005 est.)
- Oil - consumption: 310,000 bbl/day (2003 est.)
- Natural gas - production: 19.2 billion cu m (2003 est.)
- Natural gas - consumption: 7.41 billion cu m (2003 est.)
- Natural gas - exports: 7.83 billion cu m (2001 est.)

- Natural gas - imports: 0 cu m (2001 est.)
- Natural gas - proved reserves: 4.502 trillion cu m (2005)
- Current account balance: \$9.622 billion (2005 est.)
- Exports: \$52.16 billion f.o.b. (2005 est.)
- Exports - commodities: petroleum and petroleum products 95%, cocoa, rubber
- Exports - partners: US 46.8%, Brazil 10.5%, Spain 7% (2004)
- Imports: \$25.95 billion f.o.b. (2005 est.)
- Imports - commodities: machinery, chemicals, transport equipment, manufactured goods, food and live animals
- Imports - partners: China 9.2%, US 8.2%, UK 7.6%, Netherlands 5.7%, France 5.4%, Germany 4.7% (2004)
- Debt - external: \$37.49 billion (2005 est.)
- Economic aid - recipient: IMF, \$250 million (1998)" (CIA - The World Factbook 2006).

Nigeria is the most populated country within the region and to complement her population, she is enormously endowed with resources. Precisely, Nigeria is five times more populated than the rest of the countries within the region combined, which makes her the largest single market in the region. In addition to her huge population, she has another advantage which is her rich and diverse resources with the leading most sort after commodity being crude oil.

Varieties of energy forms are in excess in Nigeria, and hence she does export substantial amount. Crude oil, natural gas and electricity are all in excess in Nigeria, and so must serve as the main if not the only purchasing source for all countries within the West African region. Should the Eco come into circulation, the countries in the region will benefit immensely from importing oil,

natural gas and electricity from Nigeria since transactional cost would be eliminated. If her neighbours within the region solely import energy from Nigeria, it will boost the economies of both Nigeria and all the other trading partners within the region, hence contributing to regional wealth.

Natural gas is in abundance in Nigeria and its production and export serves as a booster to regionalism. The thought of its exports is noted in the ongoing West African Gas Pipeline project is to be laid within some neighbouring countries within the region, which will swiftly improve energy transfer from Nigeria to the other countries who share part of the pipeline. Should the West African Gas Pipeline project come into realisation before or immediately after the birth of the Eco, it will radically change the energy use, extend the deployment of electricity use, reduce expenditure on oil import, create new jobs of those countries on the project, it will strengthen the unity in the region, and it will serve as one of the pillars of stability to the Eco. The radical change in energy use should the West African Gas Pipeline come into being, refers to natural gas serving as an alternative to the massive dependence on high priced imported crude oil and electricity generated from hydro-electric power by countries as Ghana, Benin, and Togo

Extending the deployment of electricity has to do with, participating countries using the natural gas to generate electricity and distribute to areas (towns and villages) that previously did not have access to electricity for both domestic and commercial use. Reducing expenditure on oil import refers to the easy and cost of availability of natural gas serving as an alternative to the current oil whose price is being determined by the known cartel OPEC. Hence leading to a reduction in imported oil, and eventually earning savings from the use of natural gas. As an illustration, in March 2003 the pre-Gulf war II price per barrel of oil was \$35.50 and it shot to \$74 in February 2006, such a price hike (more than doubled) within the short span will definitely offsets economies of non-oil producing countries as Ghana's. Economic offsets as oil price hike of recent

will inevitably increase the inflationary rates of non-oil producing countries as Ghana. Price equilibrium theorem thus show that, for as long as there are alternatives to a commodity, the price of the former commodity does fall because consumers shift demand to alternatives, which is in the interest of both the consumer and innovators (producers of alternatives in forms of derivatives or entirely new inventions). The author's thought on the natural gas export from Nigeria into some of the countries within the region serving as alternative form of energy is being confirmed as:

"In 1982, The Economic Community of West African States (ECOWAS) as one of its key regional economic policies, proposed the development of a natural gas pipeline throughout West Africa. ECOWAS's regional energy distribution plan (1991) and a feasibility study on the supplying of Nigerian gas to Ghanaian markets (1992) further enhanced the practicality and need of developing a regional pipeline. A feasibility report, prepared for the World Bank in the early 1990's, deemed that a pipeline to transport Nigerian natural gas to Benin, Togo and Ghana was commercially viable. The report's conclusion was based on the U.S.-firm Chevron's associated gas reserves in Nigeria's Escravos region. In September 1995, the governments of the four nations signed a Heads of Agreement (HOA) pertaining to the pipeline project. The HOA broadly outlined the principles of the pipeline development.

An energy shortage experienced by Ghana, Togo, and Benin in 1997-1998 renewed interest in the pipeline project. In August 1998, a consortium of Chevron, Shell, Nigerian National Petroleum Corporation (NNPC), Ghana National Petroleum Corp. (GNPC), Societe Beninoise de Gaz (SoBeGaz), and Societe Togolaise de Gaz (SoToGaz) signed an agreement commissioning a feasibility study on the West Africa Gas Pipeline (WAGP). The study, which was completed in March 1999, concluded the" (Energy Information Administration, 2003).

Nigeria has a sizeable volume of natural gas reserve of about 4.502 trillion cubic metre that is a plus for her and the West African regional trade at large.

With respect to international trade, Nigeria earns twice as much from her exports to imports, putting her in trade surplus of \$26.21 billion (US dollars) for the year 2005. Nigeria is the only "in country" that experiences trade surplus in her international trade. It is baffling that with Nigeria's huge trade surplus she still has external debts a little higher than her trade surplus in a year, which can be paid-off within a very short time (say a year and half). Her economic aid received from International Monetary Fund (IMF) is quite small and can be paid-off easily by Nigeria. Unlike the other "in countries" Nigeria's major exports destination is the Americas (USA and Brazil), and unfortunately she does not do any meaning regional trade that is of noticeable amount from the United State of America's perspective. Nigeria's international trade pattern does not foster regionalism, hence she needs to seriously start working around promoting neighbouring trade. Nigeria's import of processed food and live animal from USA, China and Europe could be obtained from Guinea and The Gambia.

Nigeria with her immense resources and huge financial base should lead the region into an industrial era as soon as practicably. Should the Eco come into existence and the region quickly grow into a "workshop" zone, and become the alternative to China, it could gain massively from the financial point of view, and will reduce the rate of unemployment plaguing the region.

Conversely to Nigeria's huge returns from crude oil and natural gas export and for that matter her trade surplus she has a low per capital income and worse of all 60 per cent of her population are below the poverty line. This unfortunate situation of high prevalence of poverty in Nigeria in the midst of abundance of resources could be a result of long-term maladjusted governance, and an uneven distribution of wealth in Nigeria. An economic publication on the internet have observed about the same economic analyses that was derived out of the CIA fact book data as:

“Spurred by the booming petroleum industry, the Nigerian economy quickly recovered from the effects of civil war and made impressive advances. Nonetheless, inflation and high unemployment remained, and the oil boom led to government corruption and uneven distribution of wealth.

Nigeria joined the Organization of Petroleum Exporting Countries in 1971.” (www.info please.com, 2006)

Also Adebola Akande a PhD student in international development did observe that:

“Nigeria is a country of vast human and natural capital, greatly enriched by cultural diversity; yet the majority of its people are suffering in the midst of this plenty. Blessed with the curse of black gold, Nigeria has been ridden with corruption and conflict over the control of oil and its operations. As economic prospects improve in parallel with the price of oil... (Adebowale A. 2006)

Although this dissertation is not politically inclined, it is worth mentioning that Nigerian government must seriously re-look at the malfeasance in her political structure that is inhibiting the fair redistribution of wealth. So Nigeria could make a quick turn around of her economy and spread her rich wealth properly across the length, breath, and for every national, that would eventually lead the region into the proposed industrial era and regional growth.

Sierra Leone

“Sierra Leone is an extremely poor African nation with tremendous inequality in income distribution. While it possesses substantial mineral, agricultural, and fishery resources, its economic and social infrastructure is not well developed,...

- Labor force: 1.369 million (1981 est.)
- Labor force - by occupation: *agriculture: NA% industry: NA% services: NA%*

- Population below poverty line: 68% (1989 est.)
- Budget: *revenues*: \$96 million
expenditures: \$351 million; including capital expenditures of \$NA (2000 est.)
- Agriculture - products: rice, coffee, cocoa, palm kernels, palm oil, peanuts; poultry, cattle, sheep, pigs; fish
- Industries: diamond mining; small-scale manufacturing (beverages, textiles, cigarettes, footwear); petroleum refining, small commercial ship repair
- Industrial production growth rate: NA%
- Unemployment rate: N/A%
- Electricity - production: 260.6 million kWh (2003)
- Electricity - consumption: 242.4 million kWh (2003)
- Electricity - exports: 0 kWh (2003)
- Electricity - imports: 0 kWh (2003)
- Oil - production: 0.8361 bbl/day (2003 est.)
- Oil - consumption: 6,510 bbl/day (2003 est.)
- Exports: \$185 million f.o.b. (2004 est.)
- Exports - commodities: diamonds, rutile, cocoa, coffee, fish
- Exports - partners: Belgium 61.4%, Germany 11.8%, US 5.4% (2004)
- Imports: \$531 million f.o.b. (2004 est.)
- Imports - commodities: foodstuffs, machinery and equipment, fuels and lubricants, chemicals
- Imports - partners: Germany 14.3%, UK 9.3%, Cote d'Ivoire 8.9%, US 8.6%, China 5.7%, Netherlands 5.1%, South Africa 4.2%, France 4.1% (2004)

- Debt - external: \$1.61 billion (2003 est.)
- Economic aid - recipient: \$297.4 million (2003 est.)" (CIA - The World Factbook 2006).

A general overview of Sierra Leon's economy from the above data points to very ill managed economy, meaning it is almost come to a halt. She has a labour force of about 1.3 million people as far back as 1981, but can not be traced to any sector of the economy. Sierra Leon does spend 3.6 times more than she generates as revenue to keep with her annual budget. She is capable of earning from agricultural products as mentioned in data as; coffee, cocoa, foodstuff and animal products but then there are no reordered workforce. Puzzling enough, Sierra Leone is into diamond mining and petroleum refinery but it is not manned by her labour. It is very likely that enough data is not available in computing her employment rate. The above analyses is attributed to Sierra Leone's bloody internal conflict or civil war, which has brought her economy to a final halt besides the export of her precious mineral that is diamond, cocoa and coffee by the factional leaders who control the production sites. British Broadcasting Corporation (BBC) reports on its website reports does mention the cause of the civil war in Sierra Leone and its consequences on her people and economy as:

"Eight years of protracted war have forced close to half a million of Sierra Leone's people to flee the country - turning them into Africa's largest refugee population.

Countless Sierra Leoneans have lost their lives, and the country's economy has been shattered.

The war, which broke out in 1991, is a complex and brutal conflict that has its roots in years of misrule, and the civil war in neighbouring Liberia. It is fuelled by diamond wealth and a long-standing resentment among the people of the poor rural interior against the richer ruling class in the coastal capital, Freetown." (Hawley, C. 1999)

As the case is expected to be after a decade of battling it does leave the Sierra Leone economy in tatters and reconstruction from the basics should inevitably be their focus as noted by BBC report as:

“The West African state of Sierra Leone emerged from a decade of civil war in 2002, with the help of Britain, the former colonial power, and a large United Nations peacekeeping mission.

More than 17,000 foreign troops disarmed tens of thousands of rebels and militia fighters. The country now faces the challenge of reconstruction.But the problems of poverty, tribal rivalry and official corruption that caused the war are far from over.

The 70,000 former combatants who were disarmed and rehabilitated after the war have swollen the ranks of the many young people seeking employment.

Sierra Leone is rich in diamonds. The trade in illicit gems, known as "blood diamonds" for their role in funding conflicts, perpetuated the civil war. The government has attempted to crack down on cross-border diamond trafficking.

Diamond exports, and the exploitation of mineral reserves, have helped to bouy the post-conflict economy.” (BBC, 2006)

It is muddling that besides the rich mineral wealth of Sierra Leone she can not make her economy worth noting and easily attaining the criteria for joining the Ecozone. The US Department of States does give a much-detailed account of Sierra Leone’s minerals and international trade pattern as:

“Natural resources: Diamonds, rutile, bauxite, gold, iron ore, ilmenorutile, platinum, chromite, manganese, cassiterite, molybdenite, as well as forests, abundant fresh water, and rich offshore fishing grounds.

Agriculture: *Products*--coffee, cocoa, ginger, palm kernels, cassava, bananas, citrus, peanuts, cashews, plantains, rice, sweet potatoes, vegetables. *Land*--30% potentially arable, 8% cultivated.

Industry: *Types*--diamonds, bauxite, and rutile mining; forestry; fishing; beverages; cigarettes; flour; cement and other construction goods; plastics; tourism.

Trade (Oct. 2004-Oct. 2005): *Exports*--\$158 million: rutile, diamonds, bauxite, coffee, cocoa, fishes. *Major destinations of exports*--Belgium, Germany, U.S., and India. *Imports*--\$330 million: foodstuffs, machinery and equipment, fuel and lubricants, chemicals, pharmaceuticals, building materials, light consumer goods, used clothing, textiles. *Main origins of imports*--Germany, Cote d'Ivoire (fuel), U.K., U.S., China (manufactured goods)." (U.S Department of State, 2006)

Despite the bad state of Sierra Leone's immediate post-war economy, she still has to engage in international trade in order for her to earn revenue to sustain her people. As the intra-regional trading pattern goes, Sierra Leone's main export destination is Europe and the only regional neighbour she trades with is Ivory Coast. Precisely, Sierra Leone imports goods from Cote d'Ivoire to the turn of \$47.3 million for year 2005.

An clear look at the proposed Ecozone's international trade pattern does depict a lot of similarities with few differences, which serves as a good common platform for building a large common and strong economy. Mentioning some of the international trade commonalities of the West African region are:

- They are mainly exporters of agricultural raw materials say, cocoa bean, coffee, peanut, palm oil and rubber and animal products.
- Also, they are exporters of large amounts of unprocessed minerals, say gold, diamond and bauxite among others.
- Their major trading partners are the European countries.
- Europe is the major export destination for all the proposed "in countries" apart from Nigeria. The cumulative average of exports from all the proposed "in

countries" to Europe is 34.9 per cent, and this makes Europe earn huge revenue from the region in terms of buying the raw materials at their dictated low prices, then process them into finished products at an adjusted value, and in turn sell them at high make-ups.

- China is a notable source of importation by all proposed "in countries". With an import volume of an average of 11.2 per cent. This significant volume of importation from China by the proposed "in countries" will serve as a good source of revenue for Chinese economy and hence China will go a long way to maintain trade relations with the region.
- All "in countries" import machinery, and apart from Nigeria the rest import crude oil and petroleum products. It is evidentially clear that, all the "in countries" intention of importing machinery and transport equipments is to develop their infant, small-to- medium industries.
- The industrial production growth of all the proposed "in countries" are below 4 per cent. It does indicate that the region is primarily an agrarian one, although it has all the potential in terms of resources and manpower to grow into an industrial or service based economy.
- Labour from the proposed Ecozone working abroad should be considered as services and modalities as to tapping into earnings as revenue on a national base must be looked into as part of revenue generated from international trade, and measured and accounting for in balance of trade in services records. In a more explanatory mode, West African nationals working abroad (outside the region)

must be levied a special tax and such a levy be repatriated to their respective countries and accounted for in national income computation.

An obvious difference in international trade of the proposed Ecozone is the low level, uneven and unsettled pattern of regional trade with United States of America (USA) despite the USA's African Growth and Opportunity Act (AGOA) initiative. Though Ecozone – USA trade currently is at a low level, it could be conceived as an opportunity by all "in countries", and benefits of trading with USA could be exploited. Because the USA market is a readily available consumer directed one, specific goods from the West African region is acceptable and purchased in large volume in the USA market..

Though The Gambia qualifies as an AGOA trading partner her trade with the United States of America is negligible, of which she could take advantage of offsetting the trading gap.

Ghana has a bi-lateral trade relationship with United States of America and qualified for AGOA status, unfortunately of recent Ghana has run herself into trade deficit with the United states of America as reported by AGOA info, as:

"In 2002, exports from Ghana to the US amounted to \$ 76 million, while imports were almost \$ 200 million. This resulted in the country recording significant trade deficit with the US of \$ 76 million." (AGOA.info, 2006)

Guinea has very minimal trade with the US and it is confirmed as:

"The value of Guinea's bi-lateral trade with the United States has declined slightly in recent years. While exports to the U.S., in \$ terms, have decreased, imports have remained fairly constant. In 2002, Guinea recorded a slight trade surplus with the U.S. amounting to \$ 8,7 million (2001: 14,5 million)." (AGOA.info, 2006)

As earlier analysed that Guinea and The Gambia are prudently managing their international trade, is becoming clearer with Guinea gaining a trade surplus from dealings with the US.

Of all the proposed "in countries" of the Ecozone, Nigeria is noted to export 46.8 per cent to the US and 10.5 per cent to Brazil as against an import of 8.2 per cent from the US, hence making her the leading trading partner with the US within the region. Nigeria's trade with the US is reported as:

"Nigeria is the largest trade partner (in terms of value of trade) of the U.S. in Sub-Saharan Africa (SSA), with total trade increasing rapidly in recent years. In 2001, Nigeria recorded a trade surplus well in excess of \$ 7 billion with the United States, although this decreased to \$ 4,9 billion in 2002. This far exceeds the trade surplus recorded by South Africa, being the country with the next largest trade surplus (with the US)." (AGOA.info, 2006)

Immediate post-war Sierra Leone in building her economy from the basics will find trading difficult to prudently manage but not impossible to take giant surplus trading steps. Unfortunately, Sierra Leone has opted for trade deficit with the US as:

"Sierra Leone recorded a slight trade surplus with the United States in 1997. Since then, bi-lateral trade between the two States has resulted in a trade deficit for Sierra Leone that has grown from \$ 2.9 million in 1999 to \$ 21.7 million in 2002. Imports from the U.S. have increased significantly, while exports have declined." (AGOA.info, 2006)

Post-war Sierra Leone should learn from the experience of ravish Japan, Germany and the United Kingdom after the second world war, and grow their economy from her current GNI of \$210 (US dollar) to over \$9000. With Sierra Leone well endowed in minerals and agricultural she must quickly grow out of subsistent farming into mechanised agro-industry and industrialise her economy. Approaches of modern day industrialisation with remarkable success could be attributed to Japan, and therefore lessons could be learnt by West African countries wanting to tread that

line from Japan. Japan’s protective local markets from foreign invasion and simultaneous export driven of her locally manufactured products was part of her post world war II strategy, quickly paid off and her economy has grown from comparatively a low level into a giant. Specifically, the GDP of Japan to USA’s immediate post world war II (1945) era was \$144/\$1474 (billion US dollar), and in 1999 the trend has changed in favour of Japan in terms of GDP per capita as Japan \$35,021 and USA \$32,622. A table of GDP’s of the USA and Japan with years as below.

Post World War II GDP.

| Country / Year | GDP / billion \$ US (1945) | GDP / billion \$ US (1999) | GDP PPP/ trillion \$ US (2005) |
|----------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| United States of America (US) | 144 | 8,903 | 12.36 |
| Japan | 144 | 4,429 | 4.018 |

Fig. 14 GDP’s of the giant two economies from immediate post World War II to today.

The table above thus show the rapid increase of economic growth of the two giant economies and the widening disparity between the economic giants and as compared to the GNI of the Ecozone countries in Figure 8. Inasmuch as the giant economies of US, Japan and Eurozone are continuously increasing the gap from the Ecozone, lessons from their economic strategies could be learnt and reviewed to grow their economies.

Smith looked at Japan’s post world war II trade and industrialisation strategy of growth as:

“An American investment banker in Japan for 15 years, R. Taggart Murphy had a catbird's view and wrote *The Weight of the Yen*, describing how, in an obvious effort to both survive and revenge the loss of WWII, Japan’s post-war economy was structured under pure mercantilist principles to engender “the greatest transfer of wealth in history” (at that time) from America to Japan.

Economist Joe Kurtzman's analysis of Japan's international trade is worth quoting at length. Japan has developed long-term strategies for entering existing markets and [has] composed detailed plans spanning 20-to-50 years for gaining a share of existing markets, usually by introducing new and highly refined versions of existing products and then slowly upgrading these products.... Beginning with crude copies of advanced German cameras like the Leica and the Rolliflex, the Japanese honed their skills by continually upgrading their entries into these markets until their level of quality and technology began to equal that of the Germans and then surpass it. In the span of less than twenty years, utilizing this long-range managerial approach, the Japanese were able to gain by far the largest share of the worldwide camera and optical goods market, thereby driving the previously dominant Germans to the sidelines. After the Japanese became the primary power in this huge market, they took aim at some of the other existing markets in which they could use their advanced optical skills. Small copying machines, professional video recording devices, and computerized silicon chip etching equipment are markets that the Japanese went after and now dominate. But this time the firms bested by the Japanese were not German. They were American firms that failed to keep pace with the slow, steady unrelenting Japanese technological and managerial advance.... Planning twenty-four months ahead is considered long term by most U.S. companies, whereas the Japanese routinely look five, ten, and twenty years into the future when developing their approach to entering a market.... [O]ur companies tend to lose out to those Japanese and other foreign companies that take the long-term view and that have the backing of their governments." (Smith, J.W, 2005)

Smith's assertion could not be anymore a lesson for Sierra Leone., and a modification for the West African region in improving regional trade and revolutionaries her industries and services sectors.

Besides Ghana and Sierra Leone whose returns from trade with the US is run into deficit the other three proposed "in countries" government are prudently managing their US trade into

surplus, which is economically healthy. A theoretical SWAP analysis by ECOWAS trade department would identify AGOA trade as a weakness and request all “in countries” to seize it as an opportunity.

Trade in Services

In recent times trade in services has contributed positively to the US and United Kingdoms balance of trade accounts. Precisely, unlike the deficit in trade of goods, US and United Kingdom have enjoyed huge surplus in their trade in services, and currently it is one area of their development. However, there is no significant record of trade in services by any of the Eco member countries, nor of the ECOWAS. Its only Egypt and South Africa in Africa whose trade in services have been recognized and recorded to be of significant levels in Africa by the World Trade Organisation (WTO). An extracted data from WTO is as below.

Trade in commercial service by region, 2004

| Region / Country | Export value / billions US dollars | Import value / import US dollars | Trade balance/ billion US dollars |
|-------------------------|---|---|--|
| <i>World</i> | 2125 | 2095 | 30 |
| North America | 379 | 335 | 44 |
| United States | 318 | 260 | 58 |
| Europe | 1126 | 1025 | 101 |
| European Union (25) | 1017 | 954 | 63 |
| United Kingdom | 172 | 136 | 36 |
| Germany | 134 | 193 | -59 |
| France | 110 | 96 | 14 |
| Africa | 48 | 55 | -7 |
| Egypt | 14 | 7 | 7 |
| South Africa | 8 | 9 | -1 |
| Asia | 450 | 512 | -62 |

| | | | |
|------------------|----|-----|-----|
| Japan a | 95 | 134 | -39 |
| China | 62 | 72 | -10 |
| Hong Kong, China | 54 | 30 | 24 |
| India | 40 | 41 | -1 |

Figure 15 Extracts from WTO data. a Secretarial estimate based on the new methodology applied by Bank of Japan

Egypt's international trade in commercial services account was in surplus of \$7 billion US dollars in year 2004, and this should serve as an eye opener for the proposed Ecozone. Since Egypt and Ecozone are both African communities so they could share like-to-like approaches to developing and strengthening their services sector.

One innovative services area that Ecozone could harness significant revenue from, is levying a tax scheme on her populace who are working abroad especially in Europe, US, Canada, Australia and the rest of the world. The Nationals Working Abroad Tax scheme (NWATs) should be developed on an international bases through International Labour Organisation (ILO) and taxes deducted at source of employment and forwarded to respective countries (Europe, US, Canada, Australia and the rest of the world) Inland Revenue for onward submission to their country of origins or the West African Central Bank (WACB). Revenue generated from NWATs needs to be properly disbursed and monitored by WACB for the revolutionary industrialisation of Ecozone, and at the same time it will serve as monetary base for the stabilisation of Eco. The level of skill and their numbers of West African labour is itself a plus for the take-off of the industrialisation. It is become significantly clear that quite a good percentage of West African middle level manpower are working and living abroad particularly in the West, and hence they could be a source of major revenue.

Extracts from various sources of Ghanaian population who are legally resident in the USA, Germany, Canada, and United Kingdom are as follows:

Ghanaian Population living Abroad with Residence Permit

| Country | Population |
|-----------------------|------------|
| USA (2000) | 65,570 |
| Canada (2004) | 9,608 |
| Germany (2004) | 20,636 |
| United Kingdom (2001) | 55,537 |

Fig. 16. Extracts from sources in country order as US Census Bureau, Citizenship and Immigration Canada, Federal Statistics Office Germany and Eurostat.

Figure 16 only shows the number of Ghanaians with residence permit in those respective countries, but the total number of Ghanaians living outside the country are estimated as four million on the high side and two million on the low side. Bump Micah did state:

“By the mid 1990s, it was estimated that between two and four million Ghanaians, or 10 to 20 percent of Ghana's approximately 20 million people, were living abroad (see Figure 1). Skilled workers and professionals dominated early flows from Ghana, but, by the 1980s, many semiskilled and unskilled workers chose to leave as well.” (Bump, M. 2006)

Of the high population of Ghanaian migration is the issue of professionals as part of the brain drain or they could be called “professionals without borders”. In as much as the author does agree that the high levels of professional migration out of Ghana is having an adverse effect on her economy, the proposed NWATs system could mitigate the shortage in quality and levels of labour to quite some good extent. Institute of Statistical, Social and Economic Research (ISSER) of University of Ghana did record the migration in the health services of Ghana at an average of 38.1 per cent of health workers between the years of 1995 to 2002, comprising of 69.4 per cent of GP or Medical Officers and an alarming 100 per cent migration of trained Environmental Health Specialists. Granted all the migrated Ghanaian trained medical professionals, other professionals, semi-skilled and unskilled Ghanaians working abroad are taxed by NWATs system, it could be a

large source of funds to be generated for the industrial take-off of the Ghanaian economy. It will be reckless to tax (NWATs) individuals and not give them anything in return, hence the benefit to NWATs contributes is a pension and housing schemes on their return to their country of origin (home economy) and it must be based on individual contributions.

A clue as to the amounts to be generated from the proposed NWATs could be scanned from the volume and amounts of cash remittances from Africans working abroad to their families back home in their respective countries of Africa. Views from other authors and researches on remittances from abroad into Africa are:

“At the same time, however, Ghanaians abroad remitted over US\$1 billion in 2004 and have been highlighted as catalysts of small business development in their home country.” (Bump, M. 2006)

A combination of both proposed NWATs and tax on remittances (TOR) will generate a lot of funds for the West African region’s industrial revolution, and subsequent growth and wealth creation.

Africa Renewal magazine on the internet does shed some good light on remittances by West Africans working abroad (particularly the West) to their families back home (respective West African countries).

“Every day, thousands of Africans -living abroad line up in money-transfer offices to wire home the odd dollar they are able to save. From the US, Saudi Arabia, Germany, Belgium, Switzerland and France — the top sources of remittances to developing countries — some of the money finds its way deep into the rural areas of Africa. There, it may send a child to school, build a house or buy food to sustain those remaining at home.

Over the years, some of the money has made its way to the Kayes region of Mali. There, the World Bank reports, contributions from Malians living in France have helped build 60 per cent of the infrastructure. About 40 Malian migrant associations in France supported nearly 150 projects, valued at Ä3 mn over a Yet most of the money sent home by migrants is unrecorded, and therefore

does not enter many countries' national statistics. Development planners increasingly stress the importance of tracking this money. That will help governments try to increase remittances as a source of development finance and better channel them into productive sectors. . . . In sub-Saharan Africa, Nigeria is the largest recipient, taking between 30 and 60 per cent of the region's receipts. Though official figures are not available, economists believe that money sent home by Nigerians in various parts of the world now exceeds \$1.3 bn annually, ranking second only to oil exports as a source of foreign exchange earnings for the country. . . . Yet the figures reported by the Bank take into account only official transfers. If unofficial flows were added, the total numbers could be 2.5 times more. "Flows through informal channels . . . are not captured in the official statistics, but are believed to be quite large," the Bank reports. (African Renewal, 2005)

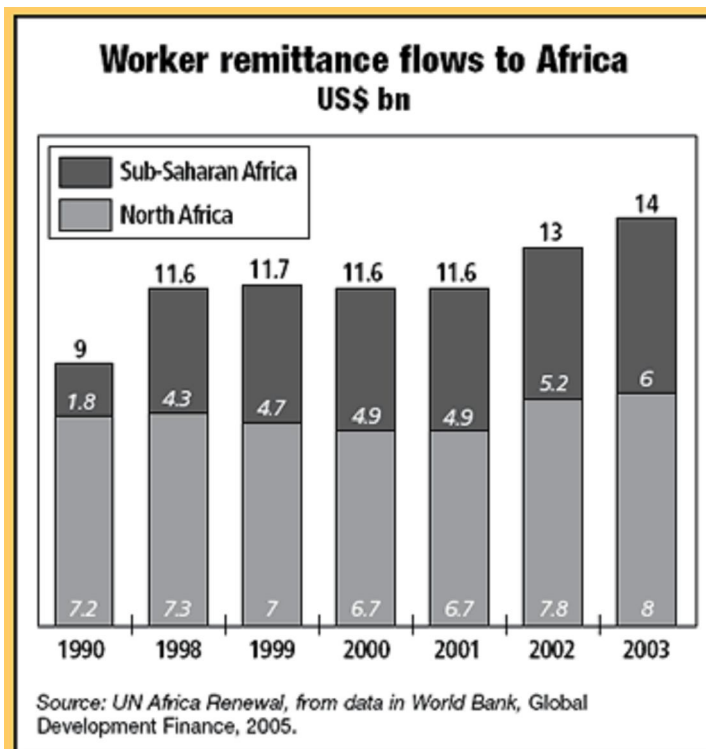


Fig. 17. Graph of remittances from African labour into respective regions of Africa.

A pictorial view of remittances into West Africa does depict encouraging deductions as:

- A continuous increase in remittances year after year.

- The highest volume of remittances into West Africa was in 2003. Besides it could be extrapolated that the amounts will be high in subsequent years (2004, 2005 onwards).
- The largest amount of remittance that has entered West Africa was recorded as \$6 billion (US dollars).
- Remittances into North Africa are notably higher than that into West Africa.
- Unlike West Africa, remittances into North Africa is remained fairly flat, while that of West Africa's is being on the steady increase since 1990.

Interestingly, remittances from West African nationals living and working abroad to their families in their respective countries almost equals the economic aid from IMF to the would be Ecozone. In terms of numbers, the remittances into West Africa in the year 2003 was \$6 (US dollars) billion while the economic aid per CIA records stands at \$8.283 billion (US dollars). Precisely, remittances into the region for only year 2003 is recorded as \$6 billion (US dollars) while the total debt of the would be Ecozone stands at \$50.273 billion (US dollars). It is worth mentioning that, the remittances into the region are by individual West African nationals living and working abroad and the amounts are voluntary giving's to their families in West Africa, while the economic aid and external debts are national debts owed by the respective nations. Another look at remittance into West Africa to external debt of the would be Ecozone points to a ratio of 3:25. Although the comparative values of remittances vis-à-vis economic aid and external debt is defective, in that the volume and amount of remittances is for the whole of the West African region, while the economic aid and external debt is for only the would be Ecozone countries. The ratio (remittance to external debt or economic aid) is enough an evidence that remittances from voluntary labour living and working aboard or self appointed West African nationals selling their labour is reached a

significant level, and hence governments of respective West African nationals should re-think sources of tapping revenue for development through the would be West African Central Bank (WACB).

It is worth mentioning at this stage that, labour must be regarded as services and as West Africa nationals have migrated and are still migrating to work in other countries (abroad) such labour must be considered as international labour and hence as international services which must be subject to taxes by both the foreign host country and his or her country of origin.

Another view that the author proposes for West African authorities is that they should think of taxing remittances, but such tax must be very minimal and not punitive. The proposed Tax On Remittances (TOR) should go into industrialised West Africa. Again a combination of NWATs and TOR taxes are an anticipated major form of revenue for the WACB to serve both as a capita base and capita for stabilising the Eco as a currency, also serving as the fund base for the industrial revolution.

A second look at the structural labour (job type and numbers of labour) leaving the West African countries to work abroad and the seemingly adverse effect on the development of the region does call for radical economic reforms within the would be Ecozone in order to revert the poor state of both professional and unskilled labour drift.

Another evidence of the use of remittances that goes to substantiate the relevance of remittances and direction of TOR and NWATs. Africa Renewal does mention:
"For some smaller economies, workers remittances account for a large chunk of national income. Lesotho receives the equivalent of between 30 and 40 per cent of its gross domestic product (GDP) from workers abroad, mainly in neighbouring South Africa. In Eritrea, the World Bank notes, remittances represented 194 per cent of the value of exports and 19 per cent of GDP. During the

1990s, remittances covered 80 per cent of the current account deficit of Botswana.” (Africa Renewal, 2005)

It is also claimed that remittances into Nigeria ranks second to crude oil production, and Nigeria is the highest recipient of remittances in the West Africa region of a recent \$1.3 billion (UD dollars). Remittances into Africa by migrant workers has hit an appreciable level that has called for researchers and thinkers of World Bank and United Nations to take a second look at it, then improve the transfer procedures, a reduction in transfer charges, and suggesting innovative approaches of utilising funds to the benefit of the whole society (country wide). This thesis does go a step further in proposing the mode, usage and benefits to be derived from remittances for the West Africa region as, TOR and NWATs, also the value for money to be gained in return by remitting migrant workers.

The Global Commission on International Migration (GCIM) held a meeting Cape Town South Africa in March 2005 at which views expressed did indicate that remittances into Africa could be used to reduce poverty and development on society wide bases in Africa. Other views touched on had to do with World Bank aiding in the reduction of transfer cost by banks, to enhance the positive effects of remittances, and for developed economies to encourage remittances for promoting growth in Africa. Mr. Howard Jeter the US Ambassador to Nigeria who was present at the GCIM conference in March 2005 did view remittances as:

“The World Bank forecasts that by 2020 remittances to developing countries will reach \$200 billion annually. African countries cannot afford to be marginalized from this increasingly important source of financing. For starters, larger economies such as Nigeria should lead the way in developing policies to engage and use their citizens living abroad. There is a wealth of financial, technical and intellectual expertise in the diaspora,” he says. “Africa needs to exploit these human

and material resources to help tackle the challenges of development, environmental degradation, food security, energy supply, HIV/AIDS and equitable economic growth." (Jeter, H. 2005)
Comments by Howard Jeter above does serve as an impetus to the suggestions of TOR and NWATs.

It is the intention of ECOWAS to unify the two currency blocks as WAMZ and WAEMU, hence a careful look at the WAEMU's resources and trade indicators on country bases as published on the CIA website would be appropriate. This will help point the study in a better perspective. Secondly, an attempt to establish economic similarities and differences within WAEMU will aid in understanding the common factors for the harmonisation of the two monetary blocks (WAMZ and WAEMU).

Benin

"The economy of Benin remains underdeveloped and dependent on subsistence agriculture, cotton production, and regional trade.

- GDP (purchasing power parity): \$8.553 billion (2005 est.)
- GDP – per capita (ppp): \$1,100 (2005 est.)
- Unemployment rate: NA
- Population below poverty line: 33% (2001 est.)
- Inflation rate (consumer prices): 3.5% (2005 est.)
- Budget *revenue*: \$766.8 million

expenditure: \$1.017 billion; including capital expenditures of \$NA (2005 est.)

- Agricultural products: cotton, corn, cassava (tapioca), yams, beans, palm oil, peanuts, livestock.

- Industries: textiles, food processing, construction materials, cement
- Industrial production growth rate: 8.3% (2001 est.)
- Electricity production: 69 million kWh (2003)
- Electricity consumption: 538.2 million kWh (2003)
- Electricity exports: 0kWh (2003)
- Electricity imports: 474 million kWh (2003)
- Oil - production: 400 bbl/day (2003)
- Oil- consumption: 12,000 bbl/day (2003 est.)
- Oil - exports: NA bbl/day
- Oil - imports: NA bbl/day
- Oil - proved reserves: 4.105 million bbl (1 January 2002)
- Natural gas - production: 0 cu m (2003 est.)
- Natural gas - consumption: 0 cu m (2003 est.)
- Natural gas - proved reserves: 1.218 billion cu m (1January 2002)
- Current account balance: -\$400 million (2005 est.)
- Exports: \$826.9 million f.o.b. (2005 est.)
- Export commodities: cotton, crude oil, palm products, cocoa
- Export – partners: China 31.6%, India 19.4%, Ghana 6.6%, Niger 6.2%, Indonesia 4.4%,
Nigeria 4.4% (2005)
- Imports: \$1.043 billion f.o.b. (2005 est.)
- Import commodities: foodstuffs, capital goods, petroleum products
- Import partners: China 39.1%, France 8.7%, Thailand 7.1%, Cote d'Ivoire 6.1% (2005)
- Debt - external: \$1.6 billion (2000)

- Economic aid recipient: \$342.6 million (2000)" (CIA, 2006)

With a population of about 8.2 million as current as 2004 does indicate Benin is relatively a small country, whose economy is heavily dependent on external funding. Benin did experience an estimated budget deficit of \$250.2 million for the year 2005 that is about the same amount as that of neighbouring Ghana. Despite Benin's industrial growth rate is as high as 8.3%, she still is predominately a producer and exporter of raw agricultural produce, just as most of the would be Ecozone members.

Lack of varying energy forms is one of Benin's major economic hurdles, in relation to expenditure on energy, since she imports 474 million kWh of electricity, and an estimated 4,234,000 bbl/year of oil for her consumption. Although Benin has high volumes of natural gas, she has not yet started to extract it, and hence has compounded her energy situation. Hopefully, when the West African Gas Pipeline (WAGP) is finally up and running, Benin who is a member of the pipeline project will benefit immensely. Benin authorities should opt for the growing of fuel or oil in order to avert the global oil price hikes. The slow and inaction in seeking for alternative energy or fuel form might have caused her (Benin) to lose large sums of money on energy, as against the backdrop of the three oil price shocks of the world experience. The global oil price shocks did result in heavy losses to non-oil producing countries like Benin, and at the same time massive financial gains for oil producing countries like Nigeria. Besides Benin's large volume of natural gas she has been slow to extract for her consumption leading to her imprudent financial loses. Natural gas is the readily available alternative to Benin's electricity and oil imports. Hence it is recommend Benin should either catalyse the Chevron West African Gas Pipeline or go individually to build an oil refinery and harness her natural gas among other products, in order to turn her economy around. It is eminent that the WAGP is much needed now than ever. Any

further delays in the establishment and running of the West African Gas Pipeline will mean a worsening of the already economically fragile countries in the West African region.

Unlike would be Ecozone members, Benin has a high level of regional trade. Benin exports to West African countries as Ghana of 6.6 per cent, Niger 6.4 per cent and Nigeria 4.4 per cent. The sum total in monetary terms of Benin's intra-regional exports is 17.2 per cent, which is significant and a step in the right direction of regional integration. Conversely to would be Ecozone member countries whose major export destination is Europe, Benin's major export destination is Asia. China, India and Indonesia are Benin's major export partners comprising of 31.6 per cent, 19.4 per cent and 4.4 per cent respectively. An Asian destination total of more than fifty per cent is the composition of Benin's revenue generated from exports. Cote d'Ivoire is the only West African country that Benin imports goods from on an appreciable level of 6.1 per cent. Asia is the major importing source for Benin market, with China being the lead source of 39.1 per cent. Benin has shown a better sense of intra-regional trade than would be Ecozone member countries. A trade in goods deficit was estimated at \$216.1 million was recorded against Benin's international trade in year 2005.

Inasmuch as Benin's inflation is as low as 3.5 per cent, the current rise in oil price at an trading at a value of \$74 per barrel it will inevitably raise the inflation rate of Benin in the very near future. Lastly, Benin's external debt is very high with an outstanding balance of \$1.6 billion and this could largely be linked to her energy imports.

Therefore, as earlier suggested Benin should explore her natural gas as an alternate form of energy for domestic use and as fuel and electricity for commercial use.

Upon successful exploration of natural gas, Benin should quickly follow it up with industrialisation and simultaneously develop her services sector.

Burkina Faso

“One of the poorest countries in the world, landlocked Burkina Faso has few natural resources and a weak industrial base. About 90% of the population is engaged in subsistence agriculture, which is vulnerable to harsh climatic conditions.

- GDP (purchasing power parity): \$16.95 billion (2005 est.)
- GDP – per capita (ppp): \$1,300 (2005 est.)
- Labour force: 5 million (*note: a large part of the male labour force migrates annually to neighbouring countries for seasonal employment – 2003*)
- Unemployment rate: NA%
- Population below poverty line: 45% (2003 est.)
- Inflation rate (consumer prices): 6.4% (2005 est.)
- Agricultural products: cotton, peanuts, shea nuts, sesame, sorghum, millet, corn, rice, livestock.
- Budget: *revenues: \$1.033billion*
expenditure: \$1.382 billion: including capital expenditures of \$NA (2005 est.)
- Industries: cotton lint, beverages, agricultural processing, soap, cigarettes, textiles, gold
- Industrial production growth rate: 14%
- Electricity production: 375.6 million kWh (2003)
- Electricity consumption: 349.3 million kWh (2003)
- Electricity exports: 0kWh (2003)
- Electricity imports: 0kWh (2003)
- Oil - production: 0 bbl/day (2003)

- Oil – consumption: 8,000 bbl/day
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Current account balance: -\$460 million (2005 est.)
- Exports: \$395 million (2005 est.)
- Export commodities: cotton, livestock, gold
- Export partners: China 35.4%, Singapore 12.2%, Thailand 5.3%, Ghana 5% (2005)
- Imports: \$992 million f.o.b. (2005 est.)
- Import commodities: capital goods, foodstuffs, petroleum
- Import partners: France 23.1%, Cote d'Ivoire 22.6% Togo 10.6% (2005)
- Debt – external \$1.85 billion (2003)
- Economic aid recipient: \$468.4 million (2003)" (CIA 2006)

Burkina Faso has a developing agro-industry with a significant growth rate of 14 per cent and she is into other productions as soap and textiles. With such a comparatively high level of an agro-industry, the West African region is to take advantage of Burkina Faso's industry by importing soap, textiles, agricultural processed products and beverages from her (Burkina Faso) and enjoy an elimination of transactional cost and hence boosting intra-regional trade. Should the Eco come into force such an intra-regional trade would eventually also lead to an increase in job creation and wealth for all trading partners within the region. Contrary to intra-regional trade trends, the only country within the West African region that imports products from Burkina Faso is Ghana and this

amounted to 5 per cent of Burkina Faso's exports. Quizzing enough, Burkina Faso does not import her oil from neighbouring Nigeria, which is the biggest oil producer in the region. This clearly undermines regionalism and hence it has an adverse effect on the finances of Burkina Faso. Especially in this times when the world is experiencing an oil price shock, Nigeria is the nearest (in terms of proximity) producer country for Burkina Faso to import her oil from in other to offset cost of transporting the crude and allied products, besides the high cost of the oil (July 2006 trade stood at \$74 per barrel ex-pump price).

A deficit of \$349 million is the recorded budget deficit of Burkina Faso for year 2005, and it is most likely to be largely attributed to oil imports. The only reason being the current global oil price hikes.

Electricity is the only energy source that Burkina Faso generates locally and consumes almost all domestically. Oil imports amounts to a volume of 2,920,000 bbl/year and an estimated amount of \$216.080 million per year at current price (\$74 per barrel – July 2006) against Burkina Faso's budget. Oil imports of Burkina Faso are an estimated 0.156 per cent of her budget expenditure, which is significant, since provided the oil price was \$31 per barrel as in pre-Gold war II era it will have being barely 0.065 per cent (provided 2003 oil price against 2005 budget expenditure, and 2003 oil consumption) of 2005 budget expenditure.

Although Burkina Faso is not part of the West African gas Pipeline and so not part of the natural gas project. It is the strongly recommended that due to Burkina Faso's proximity to Ghana, Togo and Benin on the north sides (per common borders with all three countries), she should seize the current global oil price hike situation as the reason d'etat to quickly negotiate to be part of the WAGP, in other to offset any such future financial stressful situations (caused by unforeseen global oil price shock). It will be beneficial to Burkina Faso to negotiate to be part of the original members of the WAGP. Amongst the benefits to be enjoyed as a member of the WAGP includes an

elimination of transaction cost, no future transportation cost (besides the one-off cost of construction and assembling of pipelines), tariff-free gas import and non-politicisation of exports.

As the regional trade in goods pattern shows, that of Burkina Faso is no deviation, her trade deficit is as high as \$597 million. China is Burkina Faso's major export destination while France is her source of capital goods. Unlike all would be Ecozone members, Burkina Faso has an impressive intra-regional trade. She imports a substantial volume of goods from Cote d'Ivoire and Togo (that are members of WAEMU). Burkina Faso did import goods worth \$329.3 million from both Cote d'Ivoire and Togo, and she exported goods worth \$19.75 million to neighbouring Ghana.

Burkina Faso's intra-regional trade is worth mentioning and should serve as an example for the other countries in the West African region to learn from.

As expected Burkina Faso is high geared from international financial bodies, but she should help play a leading role in boosting the unification of the two monetary blocks within the region as WAEMU and would be WAMI. The obvious reason being Burkina Faso will definitely benefit immensely from the unified common currency per improved and deepened intra-regional trade and the West African Gas Pipeline project, among others.

Cote d'Ivoire

"Cote d'Ivoire is among the world's largest producers and exporters of coffee, cocoa beans, and palm oil. Consequently, the economy is highly sensitive to fluctuations in international prices for these products and weather conditions... In November 2004, the situation deteriorated when President GBAGBO's troops attacked and killed nine French peacekeeping forces, and the UN imposed an arms embargo. Political turmoil damaged the economy in 2005, with fear among Ivoirians spreading, foreign investment shriveling, French businesses and expats fleeing, travel

within the country falling, and criminal elements that traffic in weapons and diamonds gaining ground.

- GDP (purchasing power parity): \$28.52 billion (2005 est.)
- GDP – per capita (ppp): \$1,600 (2005 est.)
- Labour force: 6.95 million (68% agricultural) (2005 est.)
- Unemployment rate: 13% in urban areas (1998)
- Population below poverty line: 37% (1995)
- Inflation rate (consumer prices): 3.9% (2005 est.)
- Budget: *revenue*: \$2.434 billion
expenditure: \$2.83 billion; including capital expenditures of \$420 million (2005 est.)
- Public debt: 64.5% of GDP
- Agricultural products: coffee, cocoa, bananas, palm kernels, corn, rice, manioc (tapioca), sweet potatoes, sugar, cotton, rubber; timber
- Industries: foodstuffs, beverages, wood products, oil refining, truck and bus assembly, textile, fertilizer, building materials, electricity, ship construction and repair
- Industrial production growth rate: 15% (1998 est.)
- Electricity - production: 5.127 billion kWh (2003)
- Electricity - consumption: 3.418 billion kWh (2003)
- Electricity – exports: 1.35 billion kWh (2003)
- Electricity – imports: 0 kWh (2003)
- Oil – production: 32,900 bbl/day (2005 est.)
- Oil – consumption: 20,000 bbl/day (2003 est.)

- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Oil – proven reserves: 220 million bbl (2005 est.)
- Natural gas – production: 1.3 billion cu m (2003 est.)
- Natural gas – consumption: 1.3 billion cu m (2003 est.)
- Natural gas – exports: 0 cu m (2001 est.)
- Natural gas – imports: 0 cu m (2001 est.)
- Natural gas – proven reserves: 29.73 billion cu m (2005)
- Current account balance: -\$193 million (2005 est.)
- Exports: \$6.49 billion f.o.b. (2005 est.)
- Exports – commodities: cocoa, coffee, timber, petroleum, cotton, bananas, pineapples, palm oil, fish
- Exports – partners: France 18.3%, US 14.1%, Netherlands 11%, Nigeria 8%,
Panama 4.4% (2005)
- Imports: \$4.759 billion f.o.b. (2005 est.)
- Imports – commodities: fuel, capital equipment, foodstuffs
- Imports – partners: France 27.7%, Nigeria 24.5%, Singapore 6.6% (2005)
- Debt - external: \$13.43 billion (2005 est.)
- Economic aid – recipient: ODA, \$1 billion (1996 est.)" (CIA, 2006)

Despite the recent political unstable nature of La Cote d'Ivoire she has recorded quite an impressive macro-economic results. Prior to La Cote d'Ivoire's political turbulence she did

compute her unemployed rate at 13 per cent, then as recent as year 2005 she had a work force of 6.95 million with an inflation rate of 3.9 per cent.

Even in the midst of political turmoil La Cote d'Ivoire did manage her year 2005 budget prudently, with as little a deficit as \$396 million. However as expected, the effects of years of war or internal conflict has had an adverse effect on her economy, \$18.395 billion was recorded as Cote d'Ivoire's public debt for the year 2005 which is 64.5 per cent of GDP, with an external debt amounting to \$13.43 billion.

La Cote d'Ivoire is an agrarian and an oil producing country with a high industrial production growth rate of 15 per cent. At 15 per cent industrial production growth rate, Cote d'Ivoire has a comparatively high industrial sector in the region, and hence processes foodstuffs, beverages and she boasts of an oil refinery, also she does manufacture trucks and buses and has a ship construction and repairs port. It is become evidential that La Coast d'Ivoire and Burkina Faso could be part of the fore-runners of industrialised West Africa.

It is worth suggesting, that Coat d'Ivoire should go into the growing and extraction of biofuel on large scale, and introduce the use of hybrid fuel (biofuel and electricity) locally and for exportation, after all, she is significantly endowed with rich agricultural and sparse uncultivated lands and oil in large volumes.

In terms of international trade, La Cote d'Ivoire exports a lot of raw agricultural products as cocoa, coffee, cotton and fruits as bananas and pineapples, and in return she imports fuel and capital equipments. Europe and the Americas are the major export destinations for the La Cote d'Ivoire composed of 29.3 per cent and 18.5 per cent respectively. France is her main trading partner (in terms of both exports and imports), apparently she is Cote d'Ivoire's former colonizer. Being an oil exporter and a leading producer of cocoa beans, it is not surprising that Cote d'Ivoire did record an international trade surplus estimated at \$1.731 billion in the year 2005. Nigeria and Cote d'Ivoire

are the only two countries in the West African region that accounted for trade in goods surplus in the year 2005, this could be attributed to they being energy exporters. Puzzlingly enough, Nigeria is the only African country that La Coted'Ivoire does significant trade with. Cote d'Ivoire exports goods amounting \$519 million (8 per cent by volume) to Nigeria, and in return she imports goods with an estimated worth of \$1.166 billion in year 2005. In simplistic arithmetic terms, Cote d'Ivoire did record a trade deficit with Nigeria at a ratio of 1:2 or a deficit amounting to an estimated \$647 million in the year 2005. The positive side of Cote d'Ivoire's intra-regional trade is her trade with Nigeria on both routes (exports and imports), thereby improving regional trade, regionalism and regional wealth.

It is becoming clear that, WAEMU member countries are better intra-regional traders within ECOWAS than their WAMZ counterparts, also, they are better cross monetary block traders than WAMZ countries.

Guinea-Bissau

"One of the 10 poorest countries in the world, Guinea-Bissau depends mainly on farming and fishing. Cashew crops have increased remarkably in recent years, and the country now ranks sixth in cashew production. However, intermittent fighting between Senegalese-backed government troops and a military junta destroyed much of the country's infrastructure and caused widespread damage to the economy in 1998; the civil war led to a 28% drop in GDP that year, with partial recovery in 1999-2002.

- GDP (purchasing power parity): \$1.185 billion (2005 est.)
- GDP - per capita (ppp): \$800 (2005 est.)
- Labour force: 480,000 (1999)

- Unemployment rate: NA%
- Population below poverty line: NA%
- Inflation rate (consumer prices): 4% (2002 est.)
- Budget: *revenue: \$NA, expenditures: \$NA*
- Agriculture - products: rice, corn, beans, cassava (tapioca), cashew nuts, peanuts, palm kernels, cotton, timber, fish.
- Industries: agricultural products processing, beer, soft drinks.
- Industrial production growth rate: 4.7% (2003 est.)
- Electricity - production: 56 million kWh (2003)
- Electricity - consumption: 52.08 million kWh (2003)
- Electricity - exports: 0 kWh (2003)
- Electricity - imports: 0 kWh (2003)
- Oil - production: 0 bbl/day (2003 est.)
- Oil - consumption: 2,450 bbl/day (2003 est.)
- Oil - exports: NA bbl/day
- Oil - imports: NA bbl/day
- Natural gas - production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Exports: \$116 million f.o.b. (204 est.)
- Exports – commodities: cashew nuts, shrimp, peanuts, palm kernels, sawn lumber
- Exports – partners: India 68.9%, Nigeria 17.5%, Ecuador 4.6% (2005)
- Imports: \$176 million f.o.b. (2004 est.)

- Imports – commodities; foodstuffs, machinery and transport equipment, petroleum products
- Imports – partners: Senegal 35.7%, Italy 18.8%, Portugal 12.8% (2005)
- Debt – external: 941.5 million (2000 est.)
- Economic aid – recipient: \$115.4 million (1995)" (CIA World Factbook, 2006)

Although Guinea-Bissau has a low inflation rate of 4 per cent other macro-economic indicators are not well documented as budget revenue and budget expenditures, unemployment rate and population below poverty line.

Above and beyond electricity of which Guinea-Bissau consumes almost all of her production internally, oil is her major imported energy form. Cote d'Ivoire could be the closest source for Guinea-Bissau to import oil and Nigeria is another source for both oil and natural gas. Guinea-Bissau and Burkina Faso must introduce the use of natural gas as alternative form of energy into their economy, and it must be outsourced from nearby Nigeria, and if possible they should join the WAGP project.

In terms of international trade, Guinea-Bissau is primarily an exporter of raw agricultural products and in return she imports petroleum products and transportation equipments to keep her transportation systems running smoothly. As part of Guinea-Bissau's positive records, is her very low trade in goods deficit amounting to \$60 million for the year 2004. Another positive trade trend of Guinea-Bissau has to do with her high volume of intra-regional trade. Specifically, she exports agricultural goods worth \$20.3 million to Nigeria, which accounts for 17.5 per cent, also she imports goods amounting to \$62.8 million (which is 35.7 per cent) from Senegal her neighbour of which she shares common borders with. Guinea-Bissau is the only West African country whose

major import source is her neighbour (Senegal) within the ECOWAS trade block. Although Guinea-Bissau is a small economy, her high level of intra-regional trade is exemplary, and it is worth noting, emulated and encouraged within the region.

The proposed industrialisation of the region will be of immense economic advantage for Guinea-Bissau should it come into realisation, and it will aid in reducing her mammoth external debts.

Mali

“Mali is among the poorest countries in the world, with 65% of its land area desert or semi desert and with a highly unequal distribution of income. Economic activity is largely confined to the riverine area irrigated by the Niger. About 10% of the population is nomadic and some 80% of the labor force is engaged in farming and fishing. Industrial activity is concentrated on processing farm commodities. Mali is heavily dependent on foreign aid and vulnerable to fluctuations in world prices for cotton, its main export, along with gold.

- GDP (purchasing power parity): \$13.56 billion (2005 est.)
- GDP real growth rate: 6% (2005 est.)
- GDP – per capita (PPP): \$1,200 (2005 est.)
- Labour force: 3.93 million (2001 est.)
- Unemployment rate: 14.6% (2001 est.)
- Population below poverty line: 64% (2001 est.)
- Inflation rate (consumer prices): 4.5% (2002 est.)

- Budget: *revenue*: \$764 million, expenditure: \$828 million; including capita expenditure of \$NA (2002 est.)
- Agriculture – products: cotton, millet, rice, corn, vegetables, peanuts, cattle, sheep, goats
- Industries: food processing, construction, phosphate and gold mining
- Industrial production growth rate: NA%
- Electricity – production: 820 million kWh (2003)
- Electricity – consumption: 762.6 million kWh (2003)
- Electricity – exports: 0 kWh; note – recent hydropower developments may be providing electricity to Senegal and Mauritania (2003)
- Electricity – imports: 0 kWh (2003)
- Oil – production: 0 bbl/day (2003 est.)
- Oil – consumption: 4,250 bbl/day (2003)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Exports: \$323 million f.o.b. (2004 est.)
- Exports – commodity: cotton, gold, livestock
- Exports – partners: China 24.3%, Pakistan 12.9%, Thailand 8.4%, India 6.2%, Taiwan 5.2%, Italy 4.4% (2005)
- Imports: \$1,858 billion f.o.b. (2004 est.)
- Imports – commodities: petroleum, machinery and equipment, construction materials, foodstuffs, textiles

- Imports – partners: France 13.1%, Senegal 10.7%, Cote d’Ivoire 8.5% (2005)
- Debt – external: \$2.8 billion (2002)
- Economic aid – recipient: \$472.1 million (2002)” (CIA, 2006)

Though Mali has an impressive GDP real growth rate at 6 per cent (2005 estimate) and an inflation rate as low as 4.5 per cent as far back as year 2002, her unemployment rate is as high as 14.6 per cent which is having an adverse effect on economy, in that abled citizens who should be working to grow the economy are left to waste. With a problematic macro-economic indicator as a high rate of unemployment, it is no wonder her population below poverty line is equally troubling and standing at 64 per cent.

In line with Mali’s slow economic development, she is primarily an agrarian economy, with a heavy dependence on external funds in order to balance her budget deficit. Apparently in the year 2002 Mali’s budget deficit was estimated at \$64 million, but with the current global oil price shock (year 2006), it is undoubtedly that Mali will increase her borrowing from external sources in the form of grants or aid to balance her year 2007 budget.

With regards to energy sources and forms of Mali, she generates more than enough electricity for her internal consumption. She imports all her oil products to keep her industry and transportation systems running. It is estimated that Mali did consume as much as 4,250 bbl/day of oil in the year 2003, so with the global oil price hikes this year (2006) she will be spending multiple times higher on fuel than expected. The year 2006’s global oil price shock would eventually have an upward shift on her inflation rate in the very near future. Mathematically it could be explained as, Mali did spend \$55.069 million at the price per barrel of \$35.50 in year 2003, but this year (2006) she will spend an estimated amount of \$114.795 billion at the price of \$74 per barrel (August

2006), implying she will need to raise a minimum amount of \$59.723 million to keep her transport and industry running smoothly, else there will be fuel crisis which has other dependent adverse effects on the economy. The oil price hike would inevitably soar Mali's budget deficit for the year 2006, just as those other non-oil producing countries as Ghana and the likes.

It is recommended Mali employ the extensive use of natural gas as another form of energy, and hence join the Chevron WAGP project. Apparently, Mali is geographically within the West African Gas Pipeline project domain, and therefore she must join the project and harness the attendant advantages.

With Mali's trade in goods deficit standing at half of her external debt (including economic aid), it is worth noting that radical economic steps must be taken by Mali to reverse the current economic woes long before the economy gets out of control. As a primary agricultural product exporter in products whose prices are controlled by a buyers market, Mali stands at a disadvantage in the global market place. Though Mali mines and exports gold, the current pertaining imbalances as to who determines gold prices cum the speculative market, the 2003 gold price drop and simultaneous gold boom on the market (resulted into a massive fall in gold price) is had and is still having a downturn on Mali's international trade. Senegal and Cote d'Ivoire are the only countries within the region that Mali imports goods from, mainly petroleum products and machinery. Unfortunately Mali is not established a good intra-regional trade, and this trade pattern must be reversed to the benefit of both Mali and the other neighbours within the region. A careful study of Mali's trade exposes hard facts as:

- She spent six times more on imports than on exports, hence her trade deficits are high.
- Spends more on petroleum than any other imported product. With the current global oil price hike, Mali is more than likely to spend more on petroleum than previous years.

- Her trade deficit is highly attributed to her major dependence on oil (petroleum).
- With Mali's high dependence on oil (as most countries world wide) the current oil price shock will inevitably have a significant rise in her inflation rate in the very near future.
- She does not do any significant reciprocal intra-regional trade in goods. Specifically, she imports from neighbouring Senegal and Cote d'Ivoire without and significant exports to her neighbours. Implying even within the West African region, Mali's trade runs into a huge deficit amounting to \$356.7 million, which is slightly higher than her exports.

Despite Mali's low inflation rate the above deductions of her international trading pattern will inevitably erode her gains (precisely, little gains), raise her inflation rate and these will have devastating effects on other sectors of her economy which are already ailing as; rise in unemployment rates, deepening of the rate of poverty, in terms of extension, and intensity.

Though the economy of Mali is on the low and a foreseeable deepening in the short term, with pragmatic and country wide support of economic recovery strategies, Mali could turn her economy around from the current low state into a country of plenty.

Some solutions are hereby recommended for Mali's considerations as:

- She should quickly embark on commercial farming with on-site storage facilities.
- As a second level of her agrarian industrialisation, Mali should improve her existing food processing industries. This means Mali's industrial growth rate will rise faster than expected. It is worth mentioning that, there must be smooth transition between raw agricultural products into finished products. Else a break between the farms and local agro-

- industries will perpetuate the current high level raw agricultural products export drive coupled with its corresponding high trade deficit, and a waste of raw farm products.
- Natural gas should be introduced as an alternative form of energy, and in some sectors be used as substitute energy. Natural gas as an alternative energy form in generating electricity as thermal plants for industries, and as substitute in domestic use (cooking and heating) also as fuel for vehicles. As earlier mentioned, the WAGP project is the closest source of natural gas and at the same time the cheapest and fastest in terms of transport for Malian authorities to explore. Should Mali adopt the use of natural gas from WAGP it will improve and increase her regional trade pattern and strengthen her regional ties in ECOWAS respectively, and finally improve her international trade balance sheet and an eventual wealth for the state and the region.
 - Foodstuff imports must be sourced from neighbouring countries as Guinea-Bissau, and increasingly from Cote d'Ivoire instead of France, since this will save her funds in the form of an elimination of transaction cost, and a reduction in transportation cost.
 - Though out of the scope of this study, Mali needs to work towards social justice and equity in distribution of wealth, provision of social housing for the majority poor, and re-training of the large unemployed potential workforce and subsequently placed in the proposed commercial agro-industry.
 - With Mali's semi-desertification, she must introduce new crop types for farming which are suitable for the terrain. In other words, Mali must take advantage of her changing climate and grow new crops that are viable with desert soil, and at the same time maintain existing crop types that are also soil compatible.

- Biofuel use must be explored and introduced into the Malian economy as an alternative to petroleum. Mali should learn from Brazil and instead of thinking of importing she should explore growing and extracting her own bio-diesel from local crops and on large scale. Lessons of biofuel could be learnt from Brazil, as BBC news reports:

“As oil prices continue to hover near the \$70-a-barrel mark, amid fears that the world may soon run out of fossil fuels, carmakers and politicians alike are desperate to come up with alternative ways to power the world's motor vehicles. Even a man as closely linked with the oil industry as President George W Bush is now spreading the message that one day we may be growing our fuel instead of digging it out of the ground. But in Brazil, it is already a reality.

In the mid-1980s - before any other country even thought of the idea - Brazil succeeded in mass-producing biofuel for motor vehicles: alcohol, derived from its plentiful supplies of sugar-cane. Differently-powered cars were actually in the majority on Brazil's roads at the time, marking a major technological feat.

But the programme that had put the country so far ahead was very nearly consigned to history when oil prices slid back from the high levels seen in the 1970s.

Alcohol-powered cars fell out of favour and languished in obscurity until two years ago, when production picked up again in a big way.

Now Brazilians are flocking to buy cars that give them the chance to mix and match alcohol with regular fuel - and conventional motor vehicles that run purely on petrol are looking old-fashioned once again.” (Plummer, R. 2006)

- With all the ECOWAS member countries being primary agrarian and being encouraged to go agro-industrial, while at the same time being largely dependent on imported oil (except Nigeria who is an oil producing country), it is worth the region consider growing and extracting bio-diesel on large scale for both local use and export to the rest of the world. The earlier ECOWAS starts and creates a niche market in the production of bio-diesel and position itself as an alternative fuel cartel the more wealth it will generate for all regional members, and hence a massive jump in the economic health of the region.

Niger

“Niger is one of the poorest countries in the world, ranking last on the United Nations Development Fund index of human development. It is a landlocked, Sub-Saharan nation, whose economy centers on subsistence crops, livestock, and some of the world's largest uranium deposits. Drought cycles, desertification, a 2.9% population growth rate, and the drop in world demand for uranium have undercut the economy. Niger shares a common currency, the CFA franc, and a common central bank, the Central Bank of West African States (BCEAO), with seven other members of the West African Monetary Union.

- GDP (purchasing power parity): \$11.28 billion (2005)
- GDP – per capita (PPP): \$900 (2005 est.)
- Labour force: 70,000 salaried workers, 60% of whom are employed in the public sector (2002 est.)
- Unemployment rate: NA%

- Population below poverty line: 63% (1993 est.)
- Inflation rate (consumer prices): 0.2% (2004 est.)
- Budget: *revenue*: \$320 million – including \$134 million from foreign sources
expenditures: \$320 million; including capital expenditures of \$178 million
(2002 est.)
- Agriculture – products: cowpeas, cotton, peanuts, millet, sorghum, cassava (tapioca), rice,
cattle, sheep, goats, camels, donkeys, horses, poultry
- Industries: uranium mining, cement, brick, soap, textiles, food processing, chemicals,
slaughterhouses
- Industrial production growth rate: 5.1% (2003 est.)
- Electricity – production: 230 million kWh (2003)
- Electricity – consumption: 263.9 million kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 50 million kWh (2003)
- Oil – production: 0 bbl/day (2003 est.)
- Oil –consumption: 5,400 bbl/day (2003 est.)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Exports: \$222 million f.o.b. (2004 est.)
- Exports – commodities: uranium ore, livestock, cowpeas, onions
- Exports – partners: France 46.3%, US 19.5%, Nigeria 19.5%, Switzerland 4.7% (2005)

- Imports: \$588 million f.o.b. (2004 est.)
- Imports – commodities: foodstuffs, machinery, vehicles and parts, petroleum, cereals
- Imports – partners: France 15.2%, US 11.2%, French Polynesia 8.3%, Nigeria 7.2%, Italy 6.7%, Cote d'Ivoire 5.4%, China 4.7%, Germany 4.5%, Belgium 4.5% (2005)
- Debt – external: \$2.1 billion (2003 est.)
- Economic aid – recipient \$453.3 million (2003)“ (CIA World Factbook, 2006)

With a low work force of 70,000 (year 2002 estimate) as against a population of 13.7 million (year 2004) and who are mostly public sector employees, a population below poverty line of 63 per cent, a 40 per cent foreign source of funds to balance her year 2002 annual budget, and worse of all a deflationary economy. As the macro-economic indicators are pointing, it will be very difficult for the authorities to prudently manage the Niger economy, but it is not impossible. Exploits into the latent resources and opportunities could help reverse the lack of spending attitude in the Niger economy and make her economically healthy. The recommended initiatives are targeted at the individual level, to make them (Niger nationals) have enough disposable income, to boost their national spending ability, and finally to get Niger out of deflation into economically health inflationary rate.

- The government of Niger should as a matter of contingency encourage private sector investment, and individual citizens wealth creation.
- With Niger's trade relationship at a good level, she must strengthen and hasten her citizens (private owned companies) into exporting more into the USA per AGOA.

- Niger's government must quickly re-revise and re-direct her investment code 2000 from foreign focus to locally driven investments. Specifically, the customs duties and taxes including VAT (Value Added Tax) exemption granted foreign investment interest be limited to a maximum of five (5) years, and that of citizens who venture into privately owned investments either small or medium scale at the early years of operation be also granted the same tax exemption for five (5) years. Such tax breaks as proposed are intended to entice and encourage investors and entrepreneurs alike to venture Niger's economy.
- Government sourced funds must be made available to citizens who want to venture into private owned industries with the USA being the market place and products as part of the AGOA wants. In this case, Niger citizens would produce goods that already have an existing market (USA market) per AGOA.

Niger's energy sector is mainly dependent on importation of electricity and oil, which is currently at a very high cost.

Some recommendations that are energy and trade related is as proposed below.

- Niger being primarily an agrarian country she must embark on intensive agro-industry as a recovery measure.
- The labour force distribution per occupation is made of 90 per cent in agriculture implying subsistent farming is the mode of farming. This calls for a swift change in farming approach, from subsistence to mechanized farming.
- Mechanised farming must grow with large commercial storage facilities, which should be part of Niger's agro-industrial action.

- With an advanced agro-industry, Niger should then export finished products instead of her current raw agricultural products exports.
- Another diverse form of agro-industry is the production of biofuel. The biofuel industry starts from the farmlands, with bio-diesel being extracted from the raw agricultural produce. The biofuel technology industry must be explored to the advantage of Niger's energy and transport sector, especially in recent times that the world is experiencing a global oil price shock.
- As earlier mentioned, Niger should explore the opportunity of growing desert plants in order to live in conformity with her current climatic change which is desertification.
- Niger which shares border with Nigeria places her in right position by virtue of proximity to join the WAGP project and enjoy the benefits of natural gas.
- Niger must join Burkina Faso to champion the boosting of intra-regional (ECOWAS) trade.

Though, Niger is run herself into an external debt of about \$2.6 million, it is recommended she should enter a further loan or aid arrangement (development loan interest rate) with African Development Bank (ADB) or other competitive financial agencies, so she will embark on a large scale agro-industry and biofuel industry.

Senegal

"In January 1994, Senegal undertook a bold and ambitious economic reform program with the support of the international donor community. This reform began with a 50% devaluation of Senegal's currency, the CFA franc, which was linked at a fixed rate to the French franc.

Government price controls and subsidies have been steadily dismantled. After seeing its economy

contract by 2.1% in 1993, Senegal made an important turnaround, thanks to the reform program, with real growth in GDP averaging over 5% annually during 1995-2004. Annual inflation had been pushed down to the low single digits

- GDP (purchasing power parity): \$20.53 billion (2005 est.)
- GDP – per capita (ppp): \$1,800 (2005 est.)
- Labour force: 4.82 million (2005 est.)
- Unemployment rate: 48%; note – urban youth 40% (2001 est.)
- Population below poverty line: 54% (2001 est.)
- Inflation rate (consumer prices): 1.7% (2005 est.)
- Budget: *revenues*: \$1.657 billion,
expenditures : \$1.926 billion; including expenditures of \$357 million (2005 est.)
- Public debt: 46% of GDP (2005 est.)
- Agriculture – products: peanuts, millet, corn, sorghum, rice, cotton, tomatoes, green vegetables, cattle, poultry, pigs, fish
- Industries: agricultural and fish processing, phosphate mining, fertilizer production, petroleum refining, construction materials, ship construction and repair
- Industrial production growth rate: 3.1% (2005 est.)
- Electricity – production: 1.332 billion kWh (2003)
- Electricity – consumption: 1.239 billion kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 0kWh (2003)
- Oil – production: 0 bbl/day (2003 est.)

- Oil – consumption: 31,000 bbl/day (2003 est.)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Natural gas – production: 50 million cu m (2003 est.)
- Natural gas – consumptions: 50 million cu m (2003 est.)
- Natural gas – export: 0 cu m (2001 est.)
- Natural gas – imports: 0 cu m (2001 est.)
- Current account balance: -\$848 million (2005 est.)
- Exports: \$1.526 billion f.o.b. (2005 est.)
- Exports – commodities; fish, groundnuts (peanuts), petroleum products, phosphates,
cotton
- Exports – partners: France 22.7%, India 13.2%, Mali 11.9%, Guinea-Bissau 5.1%,
Gambia, The 4.4%, Italy 4.2% (2005)
- Imports: \$2.405 billion f.o.b. (2005 est.)
- Imports – commodities: food and beverages, capital goods, fuels
- Imports – partners: France 28.1%, Nigeria 11.2%, US 4.6%, Thailand 4.3% (2005)
- Debt – external: \$3.529 billion (2005 est.)
- Economic aid – recipient: \$449.6 million (2003 est.)” (CIA, 2006)

With an impressive low inflation rate, a fairly balanced 2005 annual budget, a growing industrial set-up, and virtually a consumer of her own energy production, Senegal is more than ready to turn her macro-economic indicators from the low ebb into an economically healthy

country. Her areas of setbacks are; high unemployment rate, high public debt, and obviously the high poverty rate.

Though Senegal is a primarily an agrarian country, she does have a growing agro-industry, hence she needs to process her export products such as fish, groundnuts with a concentration on converting cotton into wax and subsequently developing into clothes factories. It is worth noting that, France is Senegal's major trading partner composing of \$0.346 billion exports and a \$0.676 billion importation from France. Therefore arithmetically, Senegal's trade balance with France is in deficit for the year 2005 to an estimated amount of \$0.329 billion. A close look at Senegal's trading pattern points to fuel as the major cause of her trade deficit. However, Senegal could exploit more of her natural gas and petroleum for domestic consumption. Mbendi a country profile website does give credence to Senegal's unexploited oil and gas fields as:

"In the last 48 years, more than 144 hydrocarbon exploration wells have been drilled in Senegalese territory. At least 49 of these drilled offshore, with 23 of these being located in the Casamance Offshore. The other area of interest that has been drilled is onshore in the vicinity of the Cape Vert Peninsula. The rest of the Senegal Basin outside these areas remains under-explored." (Mbendi, 2006)

Should Senegal go ahead to exploit her oil basin, so she could resource herself and re-position her trade from budget deficit to surplus, and eventually a significant reduction in the level of poverty in the country, it would be an economically prudent intention.

Interesting, Senegal has proven to be an impressive intra-regional trader. Specifically, Senegal does trade with other West African countries to an amount of \$0.327 billion as exports into the region and an importation of goods with an estimated worth of \$0.269 billion from within the region. Unlike Senegal's trade with France, her intra-regional trade runs into a trade surplus with an estimated amount of \$0.058 billion, hence it is evidential that Senegal must develop new an

additional trading lines, improve and increase existing trading patterns with the ECOWAS region to her benefit and the region at large.

With Senegal's external debt almost equalling her international trade figures, she must negotiate for more credit in the forms of either development loans or grants from international donor agencies particularly African Development Bank (ADB), so her government could prudently manage and accelerate her economic growth.

Togo

"This small, sub-Saharan economy is heavily dependent on both commercial and subsistence agriculture, which provides employment for 65% of the labor force. Some basic foodstuffs must still be imported. Cocoa, coffee, and cotton generate about 40% of export earnings, with cotton being the most important cash crop. Togo is the world's fourth-largest producer of phosphate. The government's decade-long effort, supported by the World Bank and the IMF, to implement economic reform measures, encourage foreign investment, and bring revenues in line with expenditures has moved slowly.

- GDP (purchasing power parity): \$8.965 billion (2005 est.)
- GDP – per capita (PPP): \$1,700 (2005 est.)
- Labour force: 1.74 million (1996)
- Unemployment rate: NA%
- Population below poverty line: 32% (1989 est.)
- Inflation rate (consumer prices): 6% (2005 est.)

- Budget: *revenue*: \$251.3 million
 - expenditures*: \$292.9 million: including capital expenditures of \$NA (2005 est.)
- Agriculture – products: coffee, cocoa, cotton, yams, cassava (tapioca), corn, beans, rice, millet, sorghum, livestock, fish
- Industries: phosphate mining, agricultural processing, cement, handicrafts, textiles, beverages
- Industrial production growth rate: NA%
- Electricity – production: 165.9 million kWh (2003)
- Electricity – consumption: 654.3 million kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 500 million kWh; note – electricity supplied by Ghana (2003)
- Oil – production: 0 bbl/day (2003 est.)
- Oil – consumption: 8,500 bbl/day (2003 est.)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day (2003)
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Current account balance: -\$199 million (2005 est.)
- Exports: \$768 million f.o.b. (2005 est.)
- Exports – commodities: reexports, cotton, phosphate, coffee, cocoa
- Exports – partners: Burkina Faso 16.1%, Ghana 14.8%, Benin 9.2%, Mali 7.5%, Mali 7.5%, India 5.5%, Netherlands 5.1%, China 4.4% (2005)
- Imports: \$1.047 billion f.o.b. (2005 est.)

- Imports – commodities: machinery and equipment, foodstuffs, petroleum products
- Imports - partners: China 26.2%, India 12.1%, France 10.5%, UK 8.5% (2005)
- Debt – external: \$2 billion (2005)
- Economic aid – recipient: ODA, \$80 million (2000 est.)” (CIA, 2006)

A low inflationary rate standing at 6 per cent as of year 2005, a relatively fairly balanced year 2005 annual budget, a highly skewed intra-regional export destinations within the West African region, and a prudent outsourcing of energy from her regional neighbours, places Togo among the fore-front of implementing intra-regional trade as planned and expected of all ECOWAS member countries.

Togo has a high dependence on imported energy in the forms of electricity and oil. She imports three times more electricity from neighbouring Ghana than she produces herself, in order to fully meet her consumption levels. With the planned Chevron sponsored West African Gas Pipeline (WAGP) project, Togo will benefit immensely from Nigeria or Benin’s natural gas, in relation to the real cost and a minimal transportation cost (due to proximity) of the natural gas. Natural gas could be used as a fuel for vehicles and domestic, also as a supplementary form of generating electricity to complement the already imported hydro-electric power from Ghana or as a substitute.

Also, Togo imports oil, hence she must take advantage of her two neighbours, Benin and Nigeria and Cote d’Ivoire as main sources of petroleum and petroleum products. She having more than one source of buying oil is good for Togo, in other that she can take advantage of the lowest priced oil and within the closest distance.

One of the advantages of Togo's current economic state being an agro-industry, puts her on the sufficient platform for diversifying her agro-industry by including bio-fuel plantations and processing. It is proposed that, should Togo swiftly integrate biofuel farming and processing into her already existing agricultural set-up, she will partly have reduced her high dependence on imported energy and this will boost her economy, re-capitalise it and will help ameliorate the high levels of both unemployment and poverty.

Despite Togo's trade deficit that is estimated at \$279 million for year 2005, she exports most of products to her neighbours within ECOWAS, and in turn spends a lot on imported petroleum products, machinery and foodstuffs mainly from Asia and Europe. A regional breakdown of Togo's trading partners shows that:

- Togo exports goods to the volume of 55.1 per cent of her total export into the West African region. This is a highly significant and encouraging in terms of volume and types of goods that are exported into the West African region by a single member country.
- A trade surplus estimated at \$423 million is the amount Togo earned from her trade with her West African neighbours, which are solely exports.
- It is clear from Togo's exporting destination pattern that the West African region is ready to consume a substantial amount of her own products.
- Togo has shown the way that, should all the ECOWAS member countries commit their nation-states into increasing intra-regional trade and consuming their products, the region will grow from its current economically weak state into one of wealth.
- Asia followed by Europe are the major sources of importation for Togo. The specific countries that Togo imports machinery, equipment, petroleum products and foodstuff

from are China and India being Asia, and France and United Kingdom as EU, summing up to a continental volume of 38.3 per cent and 19 per cent respectively.

- Togo's trading with China and India being Asian on one hand, France and UK members of EU on the other, are the noted cause of Togo's balance of trade in goods deficit. Because Togo imports mainly from these regions (Asia and EU) meanwhile these countries (China, India, France and UK) do not carry out any significant importation from Togo.

It is recommended that Togo should advance her trading pattern by importing more from the West African region and reduce her imports from Asia and Europe, instead of the current sole importation from Asia and Europe. Previous recommendations relating to energy and agro-industries could be adopted by Togo to get her economy healthier and wealthy.

Liberia

Though Liberia has expressed interest in being a member of the Ecozone, she has also stated that she is not likely to be a member from the commencement of the Eco. It is worth mentioning that Liberia is neither a member of WAEMU nor the proposed WAMZ.

A brief description of Liberia's economy by CIA government website is as follows:

"Civil war and government mismanagement have destroyed much of Liberia's economy, especially the infrastructure in and around Monrovia, while continued international sanctions on diamonds and timber exports will limit growth prospects for the foreseeable future. Many businessmen have fled the country, taking capital and expertise with them. Some have returned, but many will not. Richly endowed with water, mineral resources, forests, and a climate favorable to agriculture, Liberia had been a producer and exporter of basic products - primarily raw timber and rubber.

- GDP (purchasing power parity): \$2.755 billion (2005 est.)

- GDP – per capita (ppp): \$1,000 (2005 est.)
- Unemployment rate: 85% (2003 est.)
- Population below poverty line: 80%
- Inflation rate (consumer prices): 15% (2003 est.)
- Budget: *revenue*: \$85.4 million
expenditure: \$90.5 million: including capital expenditures of \$NA (2000 est.)
- Agriculture – products: rubber, coffee, cocoa, rice, cassava (tapioca), palm oil, sugarcane, bananas, sheep, goats, timber
- Industries: rubber processing, palm oil processing, timber, diamonds
- Industrial production growth rate: NA%
- Electricity – production: 509.4 million kWh (2003)
- Electricity – consumption: 473.8 million kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 0 kWh (2003)
- Oil – production: 0 bbl/day (2003 est.)
- Oil – consumption: 3,400 bbl/day (2003 est.)
- Oil – imports: NA bbl/day
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Exports: \$910 million f.o.b. (2004 est.)
- Exports – commodities: rubber, timber, iron, diamonds, cocoa, coffee
- Exports – partners: Belgium 33.5%, Denmark 21.9%, Spain 9.4%, US 7.4% (2005)
- Imports: \$4.839 billion f.o.b. (2004 est.)

- Imports – commodities: fuels, chemicals, machinery, transportation equipment, manufactured goods, foodstuffs
- Imports – partners: South Korea 38.4%, Japan 20.8%, Singapore 14%, Croatia 4.6% (2005)
- Debt – external: \$3.2 billion (2005 est.)
- Economic aid – recipient: \$94 million (1999)" (CIA World Factbook, 2006)

War has taken a devastating consequence on the economy and lives of the Liberian people with obvious data as 15 per cent inflationary rate, 80 per cent of the population reduced to abject poverty, 85 per cent of the population without any form of employment, and 464,000 as refugees with most of them taking refuge in neighbouring countries as Guinea, Cote d'Ivoire, Nigeria, Ghana and Senegal.

Despite all the adverse effects of war on the Liberian economy, some of their current macro-economic indicators thus points to a possible turn around of her economy provided she puts in a lot of hard work and commitment from Liberian authorities and citizens both returnees and those abroad alike.

A trade and economic data comparative analyses of all West African countries will place Liberia in the appropriate status for further deductions. Also on subsequent pages are the trade and economic activities of all West African countries for further analyses.

TABLE OF ECONOMIC DATA OF ECOWAS MEMBER COUNTRIES FOR YEAR 2005

| Country | GDP (PPP) - /\$billion | Public Debt as % of GDP | Unemployment Rate (%) | Population below poverty line (%) | Industrial Growth (%) | Inflation rate (consumer prices)/% | Budget Deficit (\$million) | Budget surplus (\$million) | |
|---------------|------------------------|-------------------------|-----------------------|-----------------------------------|-----------------------|------------------------------------|----------------------------|----------------------------|--|
| Gambia, The | 3.024 | | NA | NA | NA | 8.8 | 16.03 | 0 | |
| Ghana | 54.45 | 75.9 | 20 (y.1997) | 31.4 (y.1992) | 3.8 (y.2000) | 15.1 | 290 | 0 | |
| Guinea | 18.99 | | NA | 40 (y.2003) | 3.2 (y.1994) | 25 | 284.8 | 0 | |
| Nigeria | 174.1 | 11 | 2.9 | 60 (y. 2000) | 3.8 | 13.5 | 680 | 0 | |
| Sierra Leon | 4.921 | | NA | 68 (y. 1989) | NA | 1 (y. 2002) | 255 | 0 | |
| WAMI | | | | | | | | | |
| | | | | | | | | | |
| Benin | 8.553 | | NA | 33 (y. 2001) | 8.3 | 3.5 | 250.2 | 0 | |
| Burkina Faso | 16.95 | | NA | 45 (y. 2003) | 14 | 6.4 | 349 | 0 | |
| Cote d'Ivoire | 28.52 | 64.5 | 13 (y.1995) | 37 (y.1995) | 15 (y. 1998) | 3.9 | 396 | 0 | |
| Guinea-Bissau | 1.185 | | NA | NA | 4.7 (y. 2003) | 4 (y. 2002) | NA | NA | |
| Mali | 13.56 | | 14.6 (y. 2001) | 64 (y. 2001) | NA | 4.5 (y. 2002) | 64 | 0 | |
| Niger | 11.28 | | NA | 63 (y. 1993) | 5.1 (y. 2003) | 0.2 (y. 2004) | 0 (y. 2002) | 0 (y. 2002) | |
| Senegal | 20.53 | 46 | 48 (y. 2001) | 54 (y. 2001) | 3.1 | 1.7 | 269 | 0 | |

| | | | | | | | | | |
|-------------------------|-------|--|-----------------|-----------------|----------------|-----------------|------------------|-----------------|--|
| Togo | 8.965 | | NA | 32 (y. 1989) | NA | 6 | 41.6 | 0 | |
| WAEMU | | | | | | | | | |
| Cape Verde | 2.99 | | 21 (y. 2000) | 30 (y. 2000) | NA | 0.4 | 65 | 0 | |
| Liberia | 2.755 | | 85 (y. 2003) | 80 | NA | 15 (y. 2003) | 5.1 (y. 2000) | 0 | |
| Mauritania | 6.891 | | 20 (y. 2004) | 40 (y. 2004) | 2 (y. 2000) | 7 (y. 2003) | 0 | 43 (y. 2002) | |
| WAEMU + WAMI (Σ) | | | | | | | | | |
| ECOWAS Average | | | | | | | | | |

Fig. 18 Table created out of information from CIA worldfactbook.

TABLE OF ENERGY DATA OF ECOWAS MEMBER COUNTRIES

| Country | Electricity production (million kWh) /2003 | Electricity consumption (million kWh) / 2003 | Electricity surplus (million kWh) /2003 | Oil production (, 000 bbl/day) / 2003 | Oil consumption (, 000 bbl/day) / 2003 | Oil surplus (, 000 bbl/day) / 2003 | Natural gas production (million cu m) / 2003 | Natural gas consumption (million cu m) / 2003 | Natural gas surplus (million cu m) / 2003 |
|-------------|--|--|---|---------------------------------------|--|------------------------------------|--|---|---|
| Gambia, The | 140 | 130.2 | 9.8 | 0 | 2 | -2 | 0 | 0 | 0 |
| Ghana | 5,356 | 5,081 | 275 | 7.433 | 39 | -31.842 | 0 | 0 | 0 |
| Guinea | 775 | 720.8 | 54.2 | 0 | 8.4 | -8.400 | 0 | 0 | 0 |
| Nigeria | 15,590 | 14,460 | 1,130 | 2,451 | 310 | 2,141 | 19,200 | 7,410 | 11,790 |
| Sierra Leon | 260.6 | 242.4 | 18.2 | 0.0008 | 6.51 | - 6.509 | 0 | 0 | 0 |
| WAMI | | | | | | | | | |

| | | | | | | | | | |
|-------------------------|-------|-------|---------|------|------|--------|-------|-------|---|
| Benin | 69 | 538.2 | - 469.2 | 0.4 | 12 | - 11.6 | 0 | 0 | 0 |
| Burkina Faso | 375.6 | 349.3 | 26.3 | 0 | 8 | - 8 | 0 | 0 | 0 |
| Cote d'Ivoire | 5,127 | 3,418 | 1,709 | 32.9 | 20 | 12.9 | 1,300 | 1,300 | 0 |
| Guinea-Bissau | 56 | 52.08 | 3.92 | 0 | 2.45 | - 2.45 | 0 | 0 | 0 |
| Mali | 820 | 762.6 | 57.4 | 0 | 4.25 | - 4.25 | 0 | 0 | 0 |
| Niger | 230 | 263.9 | - 33.9 | 0 | 5.4 | - 5.4 | 0 | 0 | 0 |
| Senegal | 1,332 | 1,239 | 93 | 0 | 31 | - 31 | 50 | 50 | 0 |
| Togo | 165.9 | 654.3 | - 488.4 | 0 | 8.5 | - 8.5 | 0 | 0 | 0 |
| WAEMU | | | | | | | | | |
| Cape Verde | 44.15 | 41.06 | 3.09 | 0 | 1.2 | - 1.2 | 0 | 0 | 0 |
| Liberia | 509.4 | 473.8 | 35.6 | 0 | 3.4 | - 3.4 | 0 | 0 | 0 |
| Mauritania | 185.6 | 172.6 | 13 | 0 | 24 | - 24 | 0 | 0 | 0 |
| WAEMU + WAMI (Σ) | | | | | | | | | |
| ECOWAS Average | | | | | | | | | |

Fig. 19 Energy analyses extracted from CIA worldfactbook.

TABLE OF TRADE DATA FOR YEAR 2005 OF ECOWAS MEMBER COUNTRIES

| Country | Export-Income (\$000,000) | Export-Destination (trade block) | Export-volume (%) | Export amount per trade block (\$000,000) | Import-Income (\$000,000) | Import-source (trade block) | Import-volume (%) | Import amount per trade block (\$000,000) | Trade balance (\$000,000) |
|-------------|---------------------------|----------------------------------|-------------------|---|---------------------------|-----------------------------|-------------------|---|---------------------------|
| Gambia, The | 140.3 | Asia EU | 44.3 29.7 | 62.15 41.67 | 197 | Asia WA | 20.3 19.7 | 39.99 38.81 | - 56.7 |

| | | | | | | | | | | |
|------------------|-------|--------------------------|------|----------|-------|----------|------|----------|---------|--|
| | | | | | | Americas | 11 | 21.67 | | |
| | | | | | | EU | 4.9 | 9.65 | | |
| Ghana | 2,911 | EU | 37 | 1,077.07 | 4,273 | WA | 14 | 598.22 | -1,362 | |
| | | Americas | 6.5 | 189.22 | | Asia | 12.5 | 534.13 | | |
| | | | | | | EU | 9.7 | 414.48 | | |
| | | | | | | USA | 6.2 | 264.93 | | |
| | | | | | | AU | 4.2 | 179.47 | | |
| | | | | | | | | | | |
| Guinea | 612.1 | EU | 37.3 | 228.31 | 680 | EU | 16.3 | 110.84 | - 67.9 | |
| | | Other – | 25.7 | 157.31 | | Asia | 8.8 | 59.84 | | |
| | | (Russia, Switzerland) | | | | USA | 7.6 | 51.68 | | |
| | | USA | 7.5 | 45.91 | | WA | 5.4 | 36.72 | | |
| Nigeria | 5,216 | USA | 49.2 | 2,566.27 | 2,595 | EU | 19.1 | 495.65 | 2,621 | |
| | | ALADI | 9.5 | 495.20 | | Asia | 10.5 | 272.48 | | |
| | | EU | 7.5 | 319.20 | | USA | 7.4 | 192.03 | | |
| Sierra Leon | 185 | EU | 78.4 | 145.04 | 531 | EU | 31.7 | 168.33 | - 346 | |
| | | USA | 4.6 | 8.51 | | WA | 11.5 | 61.07 | | |
| | | | | | | USA | 7.0 | 37.17 | | |
| | | | | | | Asia | 5.7 | 30.27 | | |
| | | | | | | AU | 4.4 | 23.36 | | |
| WAMI | | | | | | | | | | |
| Benin | 826.9 | Asia | 55.4 | 458.10 | 1,043 | Asia | 46.2 | 481.87 | - 216.1 | |
| | | WA | 17.2 | 142.23 | | EU | 8.7 | 90.74 | | |
| | | | | | | WA | 6.1 | 63.62 | | |
| Burkina Faso | 395 | Asia | 52.9 | 208.96 | 992 | WA | 33.2 | 329.34 | - 597 | |
| | | WA | 5.0 | 19.75 | | EU | 23.1 | 229.15 | | |
| Cote d'Ivoire | 6,490 | EU | 29.3 | 1,901.57 | 4,759 | EU | 27.7 | 1,318.24 | 1,731 | |
| | | USA | 14.1 | 915.09 | | WA | 24.5 | 1,165.96 | | |
| | | WA | 8.0 | 519.20 | | Asia | 6.6 | 314.09 | | |

| | | | | | | | | | | |
|----------------|----------------------------------|---|--------------------------|--|----------------------------------|------------------------------------|--------------------------|--|----------------------------------|--|
| | | ALADI | 4.4 | 285.56 | | | | | | |
| Guinea-Bissau | 116 | Asia | 68.9 | 79.92 | 176 | WA | 35.7 | 62.83 | - 60 | |
| | | WA | 17.5 | 20.30 | | EU | 31.6 | 55.62 | | |
| | | ALADI | 4.6 | 5.34 | | | | | | |
| Mali | 323* | Asia | 57.0 | 184.11 | 1,858* | WA | 19.2 | 356.74 | - 1,535 | |
| | | EU | 4.4 | 14.21 | | EU | 13.1 | 243.40 | | |
| Niger | 222 | EU | 46.3 | 102.79 | 588 | EU | 30.9 | 181.69 | - 366 | |
| | | USA | 19.6 | 43.51 | | WA | 12.6 | 74.09 | | |
| | | WA | 19.5 | 43.29 | | Other – | 8.3 | 48.80 | | |
| | | Other - (Switzerland) | 4.7 | 10.43 | | (French Polynesia) | 4.7 | 27.64 | | |
| | | Asia | | | | Asia | | | | |
| Senegal | 1,526 | EU | 26.9 | 410.49 | 2,405 | EU | 28.1 | 675.81 | - 879 | |
| | | WA | 21.4 | 326.56 | | WA | 11.2 | 269.36 | | |
| | | Asia | 13.2 | 201.43 | | USA | 4.6 | 110.63 | | |
| | | | | | | Asia | 4.3 | 103.42 | | |
| Togo | 768 | WA | 47.6 | 365.57 | 1,047 | Asia | 38.3 | 401.00 | - 279 | |
| | | Asia | 9.9 | 76.03 | | EU | 19.0 | 198.93 | | |
| | | EU | 5.1 | 39.17 | | | | | | |
| WAEMU | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| Country | Export-Income (\$000,000) | Export-Destination (trade block) | Export-volume (%) | Export amount (\$000,000 trade block) | Import-Income (\$000,000) | Import-source (trade block) | Import-volume (%) | Import amount (\$000,000 per trade block) | Trade balance (\$000,000) | |
| Cape Verde | 73.35 | EU | 73.6 | 53.99 | 500 | EU | 70.8 | 354.00 | - 426.7 | |
| | | USA | 9.2 | 6.75 | | ALADI | 4.4 | 22.00 | | |
| Liberia | 910* | EU | 64.8 | 589.68 | 4,839* | Asia | 73.2 | 3,542.15 | - 3,929 | |
| | | USA | 7.4 | 67.34 | | EU | 4.6 | 222.59 | | |

| | | | | | | | | | | |
|-----------------------------|------|---------------------|------|--------|--------|------|------|--------|-------|--|
| Mauritania | 784* | EU | 54.2 | 424.93 | 1,124* | EU | 35.2 | 395.65 | - 340 | |
| | | Asia | 12.4 | 97.22 | | USA | 7.0 | 78.68 | | |
| | | WA | 7.3 | 57.23 | | Asia | 6.0 | 67.44 | | |
| | | Other - (Russia) | 4.7 | 36.85 | | | | | | |
| WAEMU + WAMI (Σ) | | | | | | | | | | |
| ECOWAS Average | | | | | | | | | | |

Fig. 20 Sourced from CIA - The World Factbook. Breakdown of trade in goods of West African countries (WA). Here AU excludes West African countries, ALADI for Latin America Integration Association, and * for year 2004

EXPORT DATA OF WEST AFRICAN COUNTRIES FOR YEAR 2005

| Country | Exports to Asia/\$000, 000 | Exports to EU/\$000, 000 | Exports to WA/\$000, 000 | Exports to AU/\$000, 000 | Exports to USA/\$000, 000 | Exports to ALADI/\$000 ,000 | Exports to Others/\$000 ,000 |
|-------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|------------------------------------|
| Cote d'Ivoire | | 1,901.57 | 519.20 | | 915.09 | 285.56 | |
| Togo | 76.03 | 39.17 | 365.57 | | | | |
| Senegal | 201.43 | 410.49 | 326.56 | | | | |
| Benin | 458.10 | | 142.23 | | | | |
| Maurita nia | 97.22 | 424.93 | 57.23 | | | | 36.85 |
| Niger | | 102.79 | 43.29 | | 43.51 | | 10.43 |
| Guinea- Bissau | 79.92 | | 20.30 | | | 5.34 | |
| Burkina | 208.96 | | 19.75 | | | | |

| | | | | | | | |
|--------------------------|----------|----------|----------|--|----------|--------|--------|
| Faso | | | | | | | |
| Gambia , The | 62.15 | 41.67 | | | | | |
| Ghana | | 1,077.07 | | | | 189.22 | |
| Guinea | | 228.31 | | | 45.91 | | 157.31 |
| Nigeria | | 319.20 | | | 2,566.27 | 495.20 | |
| Sierra Leon | | 145.04 | | | 8.51 | | |
| Mali | 184.11 | 14.21 | | | | | |
| Cape Verde | | 53.99 | | | 6.75 | | |
| Liberia | | 589.68 | | | 67.34 | | |
| ECOWA S Total | 1,367.92 | 5,348.12 | 1,494.13 | | 3,653.38 | 975.32 | 204.59 |

Fig. 21 Export breakdown on regional basis. Core data sourced from CIA – The World Factbook.

IMPORT DATA OF WEST AFRICAN COUNTRIES FOR YEAR 2005

| Country | Imports from Asia/\$000, 000 | Imports from EU/\$000, 000 | Imports from WA/\$000, 000 | Imports from AU/\$000, 000 | Imports from USA/\$000, 000 | Imports from ALADI/\$000 ,000 | Imports from Others/\$000 ,000 |
|------------------|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|--|---|
| Cote d'Ivoire | 314.09 | 1,318.24 | 1,165.96 | | | | |
| Ghana | 534.13 | 414.48 | 598.22 | 179.47 | 264.93 | | |
| Mali | | 243.40 | 356.74 | | | | |
| Burkina Faso | | 229.15 | 329.34 | | | | |
| Senegal | 103.42 | 675.81 | 269.36 | | 110.63 | | |
| Niger | 27.64 | 181.69 | 74.09 | | | | 48.80 |

| | | | | | | | |
|---------------------|----------|----------|----------|--------|--------|-------|-------|
| Benin | 481.87 | 90.74 | 63.62 | | | | |
| Guinea-Bissau | | 55.62 | 62.83 | | | | |
| Sierra Leon | 30.27 | 168.33 | 61.07 | 23.36 | 37.17 | | |
| Gambia, The | 39.99 | 9.65 | 38.81 | | | 21.67 | |
| Guinea | 59.84 | 110.84 | 36.72 | | 51.68 | | |
| Cape Verde | | 70.80 | 22.00 | | | | |
| Nigeria | 272.48 | 495.65 | | | 192.03 | | |
| Togo | 401.00 | 198.93 | | | | | |
| Liberia | 3,542.15 | 222.59 | | | | | |
| Mauritania | 67.44 | 395.65 | | | 78.68 | | |
| ECOWAS Total | 5,874.32 | 4,881.57 | 3,078.76 | 202.83 | 735.12 | 21.67 | 48.80 |

Fig. 22 Import breakdown on regional basis. Core data sourced from CIA – The World Factbook

Liberia's international trade partners are Europe and Asia, and as expected she has a high trade deficit. It is rather disappointing that Liberia does not do any significant trade within the ECOWAS region. Though disappointing, Liberia could cease the opportunity of improving her trade relationship with her neighbours and in return retard her mounting trade deficit accounts, and with more stringent economic policies by WAMI she could make economic turn-about. Liberia could take a cue from the benefits of intra-regional trade as shown by La cote d'Ivoire, whose comparatively high intra-regional trade has yielded a trade surplus.

Besides the devastating effects of about a decade of war resulting in Liberia's economy running at a low, with 85 per cent unemployed and most of her professionals having migrated to

neighbouring states and Western countries, 80 per cent of citizens are living below poverty line, she has other encouraging macro-economic data such as an inflationary rate of 15 per cent which is about the same as peacetime Ghana's, and a low budget deficit of \$5.1 million.

With prudent and stringent economic discipline, peacetime Liberia could make it as a member of the would be single currency block - Eco. It will be beneficial for Liberia to join the Chevron WAGP project and the Eco right from the onset, as against her current "wait and see" approach on the Eco. Should Liberia attain the Eco criteria, her inclusion in the zone right from birth will be beneficial to all other members, in terms of increasing market size and increasing variety of locally produced goods and services for the region, resulting into more wealth for the region. Liberia's varieties of products to bring onto the regional market are her rich and abundant rubber and iron, and clean and plentiful water for domestic and commercial use, in exchange for foodstuff and fish from the rest of the West African region.

Besides Liberia, and Cape Verde that are members ECOWAS but are not members of either WAEMU or the would be WAMZ and also the recently withdrawn Mauritania from ECOWAS, it is worth assessing their economies for future considerations and if need be, they be induced or pressured into joining the regional single currency block. One of the reasons Mauritania did give for her withdrawal from ECOWAS was her unwillingness to be part of the planned common currency (Eco) to be introduced as projected as far back as 2004. However, no claims was presented in the line of whether Mauritania would benefit or otherwise from being an "out" or an "in" of the Eco for her withdrawal from ECOWAS in the year 2000. All the same, Mauritania's geographical position as sharing borders with most West African countries and as a former ECOWAS member a look at her economy is not out of place.

Cape Verde

“This island economy suffers from a poor resource base, including serious water shortages exacerbated by cycles of long-term drought. The economy is service-oriented, with commerce, transport, tourism, and public services accounting for 66% of GDP... Cape Verde annually runs a high trade deficit, financed by foreign aid and remittances from emigrants; remittances supplement GDP by more than 20%.

- GDP (purchasing power parity): \$2.99 billion (2005 est.)
- GDP (PPP): \$6,200 (2005 est.)
- GDP – composition by sector: *agriculture*: 12.1%
Industry: 21.9%
services: 66%
- Labour force: NA
- Unemployment rate: 21%
- Population below poverty line: 30%
- Inflation rate (consumer prices): 0.4% (2005 est.)
- Budget: *revenues*: \$328.1 million
expenditures: \$393.1 million; including capital expenditures of \$NA (2005 est.)
- Agriculture – products: bananas, corn, beans, sweet potatoes, sugarcane, coffee, peanuts; fish
- Industries: food and beverages, fish processing, shoes and garments, salt mining, ship repair
- Industrial production growth rate: NA%
- Electricity – production: 44.15 million kWh (2003)

- Electricity – consumption: 41.06 million kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 0 kWh (2003)
- Oil – production: 0 bbl/day (2003)
- Oil – consumption: 1,200 bbl/day (2003 est.)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Current account balance: -\$82 million (2005 est.)
- Exports: \$73.35 million f.o.b (2005 est.)
- Exports – commodity: fuel, shoes, garment, fish, hides
- Export - partners: Spain 38.3%, Portugal 35.3%, US 9.2% (2005)
- Imports: \$500 million f.o.b (2005 est.)
- Imports – commodities: foodstuffs, industrial products, transport equipment, fuels
- Imports – partners: Portugal 40.6%, Italy 8.4%, Netherlands 6.8%, Spain 5.4%, Belgium 4.9%, France 4.7%, Brazil 4.4% (2005)
- Reserves of foreign exchange and gold: \$150 million (2005 est.)
- Debt – external: \$325 million (2002)
- Economic aid – recipient: \$136 million (1999)
- Currency (code): cape Verdean escudo (CVE)

- Exchange rates: Cape Verdean escudos (CVE) per US dollar – 88.67 (2005), 88.808 (2004), 97.703 (2003), 117.168 (2002), 123.228 (2001)“
(CIA -The World Factbook, 2006)

With a very low population of 420,979 as current as July 2006 and an intriguing labour force of averaging 33.3 per cent (agricultural 52%, industry 25% and services 25%) back to 2004, and an unemployment rate of 21 per cent. Expatriates have filled the obvious labour gap or are filling the labour gap of Cape Verde, the majority of the labour force is most likely to be expatriate staffs. Worse of all the Cape Verdean economy is going through an era of severe hardship, with a deflation rated at 0.4 per cent, and 30 per cent of the population below the poverty line, thereby running domestic and commercial trading and shopping into a virtual halt.

Though Cape Verde is close to Senegal she does not do any significant or properly measured trade with her, neither does she do a meaningful trade with the rest of her regional trade neighbours. EU is Cape Verde's major trading partner with trade running into a comparable huge deficits amounting to \$314.4 million for year 2005. Conversely to Cape Verde's trade with EU her trade with the United States of America per AGOA did run her into surplus with wholly exports to the United States of America amounting to \$6.75 million. Though Cape Verde's trade with US is noted as minimal, under AGOA she does exports garments to the US and taking advantage of a readily available market.

It is recorded that remittances in Cape Verde accounts for 20 per cent of her GDP, hence this confirms the earlier recommendations NWATs and TOR when implemented by WAMZ and other ECOWAS members will really re-capitalise their economies.

Other authorities have recommended various economic remedies to be implemented by Cape Verde in other that her economy makes a turn around, also this dissertation hereby recommends a

few more in terms of energy, trade and some micro-economic measures. The recommendations are:

- Cape Verde should revise her trade destination, and do more intra-regional trade, especially with her close neighbours Senegal, Guinea, guinea-Bissau and Liberia. Though earlier mentioned, La Cote d'Ivoire is a classical example of surplus in trade returns resulting from carrying out intensive intra-regional trade.
- Garments export into USA per AGOA by Cape Verde must be reinforced with increase in volume, since there are readily available consumers. While producing garments for the US market, Cape Verde must expand, diversify and make in-roads into other markets simultaneously, particularly the ECOWAS market and emerging markets of Vietnam, Cambodia and Mongolia all of Asia-Pacific, and Eastern Europe.
- Government must grow and concentrate on citizenry owned firms with little interest in foreign direct investment. The reason being with the current deflationary economy, Cape Verde is an unattractive destination for foreign investors to make a meaningful competitive market entry with the thought of getting high and able consumers, as against other advancing economies and emerging markets in the east. Private sector initiatives must be driven-up and boosted amongst citizenry.
- Government must set up the micro, small and medium scale enterprise credit institutions. These credit institutions must be based in all districts with the responsibility of educating and financing citizenry into setting up their own businesses. Business initiatives must concentrate on improving and expanding existing infant sectors, and simultaneously the finance sector could be ventured. Also the government must re-capitalise the locally owned industries. Proposed sectors to be grown by private ventures are; mechanised

- farming, bottled water and water extraction and purifying industry, shoes and garments (clothes industries) are but a few to mention.
- Government must give 'tax grace period', meaning initial tax relieves for starter citizenry privately owned firms, with further tax incentives as the firm grows.
 - Further the government of Cape Verde should encourage commercial banks to give loans at competitive rates for financing shoppers, under the terms of mortgage and high-purchases. This will increase Cape Verdean disposable income, will encourage more shopping and spending, and eventually it will rise the interest rates and deflation will be eliminated for an economically healthy inflation rate. A healthy inflationary rate in Cape Verde is one of the positive signs for foreign direct investors to make entry in her market.
 - Since Cape Verde is a small island, her membership with the planned ecozone will be beneficial to her, in terms of gaining a new market ground for her products, and a better management of her economy by the supra-financial authority being the would be West African Central Bank (WACB).
 - Cape Verde could source water from Liberia at a reasonably lower price, granted they are both members of the proposed ecozone.
 - Chevron sponsored WAGP project of natural gas must be extended to Cape Verde and employed as an alternative to other forms of energy for both domestic and commercial use. Supplementary source of oil, petroleum products and natural gas could be outsourced from Cote d'Ivoire by Cape Verde instead of her current European source, while taking into consideration issues as cost, cost of transport, cost of exchange rate, and later an elimination of transactional cost.

Mauritania

“Half of the population still depend on agriculture and livestock for a livelihood, even though many of the nomads and subsistence farmers were forced into the cities by recurrent droughts in the 1970s and 1980s. Mauritania has extensive deposits of iron ore, which account for nearly 40% of total exports. The decline in world for this ore, however, has led to cutbacks in production. The nation’s coastal waters are among the richest areas in the world, but overexploitation by foreigners threatens this key source of revenue.A new investment code approved in December 2001 improved the opportunities for direct foreign investment. Ongoing negotiations with the IMF involve problems of economic reforms and fiscal discipline. In 2001 exploratory oil wells in tracts 80km offshore indicated potential extraction at current world oil prices. Mauritania has an estimated 1 billion barrels of proved reserves. Substantial oil production and exports are schedule to begin in early 2006 and may average 75,000 barrels per day for that year. Meanwhile the government emphasizes reduction of poverty, improvement of health and education, and promoting privatisation of the economy.

- GDP (purchasing power parity): \$6.891 billion (2005 est.)
- GDP – per capita (PPP): \$2,200 (2005 est.)
- Labour force: 786,000 (2001)
- Unemployment rate: 20% (2004 est.)
- Population below poverty line: 40% (2004 est.)
- Inflation rate (consumer prices): 7%
- Budget: *revenue*: \$421 million
expenditure: \$378 million; including capital expenditures of \$154 million
(2002 est.)

- Agriculture – products: dates, millet, sorghum, rice, corn; cattle, sheep
- Industries: fish processing, mining of iron ore and gypsum
- Industrial production growth rate: 2% (2000 est.)
- Electricity – production: 185.6 million kWh (2003)
- Electricity – consumption: 172.6 million kWh (2003)
- Electricity – exports: 0 kWh (2003)
- Electricity – imports: 0 kWh (2003)
- Oil – production: 0 bbl/day (2005 est.)
- Oil – consumption: 24,000 bbl/day (2003 est.)
- Oil – exports: NA bbl/day
- Oil – imports: NA bbl/day
- Oil – proven reserves: 1 billion bbl (2005)
- Natural gas – production: 0 cu m (2003 est.)
- Natural gas – consumption: 0 cu m (2003 est.)
- Natural gas – proven reserves: 0 cu m (2005)
- Exports: \$784 million f.o.b. (2004 est.)
- Exports – commodities: iron ore, fish and fish products, gold
- Export - partners: Italy 14.1%, Japan 12.4%, France 11.9%, Germany 9%, Belgium 8.5%,
Cote d'Ivoire 7.3%, Spain 6.6%, Russia 4.7%, Netherlands 4.1% (2005)
- Imports: \$1.124 billion f.o.b. (2004 est.)
- Imports – commodities: machinery and equipment, petroleum products, capital goods
Foodstuffs, consumer goods
- Imports – partners: France 18.4%, UK 7.6%, US 7%, China 6%, Spain 5%,

Germany 4.2% 92005)

- Debt – external: \$2.5 billion (2000)
- Economic aid – recipient: \$305.7 million (2002)
- Currency (code): ouguiya (MRO)
- Exchange rates: ouguiyas per dollars – NA (2005), NA (2004), 263.03 (2003)

271.74 (2002), 255.63 (2001)" (CIA-The World Factbook, 2006)

With about a fifty per cent working age adults of the population and of this 20 per cent are unemployed, thus points to a loss of rich human resource for Mauritania. Unfortunately the life expectancy of Mauritania is just middle ages (pegged at 53.12 years), this makes her labour force to lack experienced hands and it depletes when it is expected to be at its qualitative peak. Further, Mauritania's labour force is composed of about fifty per cent into subsistent farming that has contributed to 40 per cent of her population living below poverty line.

Some notably good sides of Mauritania's economy is her ability to have maintained a single digit inflationary rate between the years 1998 to date, and a budget surplus for the year 2002.

Energy production by the nation (Mauritania) in the forms of electricity and oil. If the oil is drilled as planned it would lift up the economy dramatically. With an expected production of 75,000 bbl/day of oil as against her consumption of 24,000 bbl/day, Mauritania will have about two-thirds of her production as surplus for export, hence an anticipated trade surplus of \$1.378 billion (a year) at the July 2006 price. Mauritania's anticipated surplus oil produced will serve as an alternative source of oil for the region, and it will improve the West African region's economy in terms of easy access to oil and therefore fuelling her much needed and proposed industrialisation. Besides the planned oil extraction in Mauritania, granted it takes off, with a refinery plant attached,

she will produce natural gas as another form of energy for herself and the region. The oil refinery plant and the oilrig will both generate revenue and will create more jobs, thereby theoretically reducing unemployment if not eliminating it temporary at the least during the lifespan of the oil boom.

Senegal is the only country that Mauritania partially trades with in the region and the whole of Africa, and though her closest neighbour she does not import needed goods from her. EU is Mauritania's major trading partner, which has resulted in trade surplus amounting to \$29.28 million for the year 2005.

Afrol News a web-based article does confirm the thoughts about Mauritania's oil boom and the use of revenue generated by the economy as:

"The first shipments of Mauritanian oil have reached the Chinese market, and although rather low priced, substantial state funds have been generated. The Chinese used the occasion to sign further oil exploration deals with Mauritania, even onshore. Four new oil perforations are to be drilled already in July.

The first Mauritanian petroleum shipment has been transported and sold to China. The price of this oil however turned out rather low - some 4 or 5 US dollars below the Brent quality - given its elevated sulphur concentration. Two more shipments of the same volume - 1,900 million barrels a day - were due to have been sold in the beginning of April for the same country on behalf of the company Sinopect.

60 percent of the revenues generated by these exports are destined to finance transports alone, whereas the remaining 40 percent are divided between the Mauritanian state (35%) and the members of the oil consortium that operates the well (5%)." (afrol News, 2006)

Although Mauritania's new oil drill is good news for her economy, it has brought little benefit to the rest of her neighbours if not nothing, since the whole bulk of oil is sold to China, and none

into the ECOWAS block. Unfortunately, Mauritania has maintained her trade pattern of doing little intra-regional trade, even her new found oil has further reduced the rate of trade within the West African region. Instead of Mauritania's oil being used to the benefit of the West African region, just as other countries in the West African region it is noted for boosting trade and wealth of other trade blocks and regions. Mauritania's recent oil trade direction just like the rest of the ECOWAS members must be redressed as soon as practicable, to reduce massive flight of revenue out of the region due to low intra-regional trade. ECOWAS leaders must work towards encouraging higher intra-regional trade as part of their immediate future agenda.

A careful look at ECOWAS blocks international trading pattern is tabulated on the next page as:

REGIONAL TRADE AMOUNTS OF THE ECOWAS (WA) REGION FOR YEAR 2005

| Trade Region (Destination) | Exports from WA /\$000,000 | Imports into WA / \$000,000 | Trade balance / \$000,000 |
|---------------------------------------|---------------------------------------|--|--------------------------------------|
| EU | 5,348.12 | 4,881.57 | 466.55 |
| Asia | 1,367.92 | 5,874.32 | - 4,506.40 |
| WA (within region) | 1,494.13 | 3,078.76 | - 1,584.63 |
| USA | 3,653.38 | 735.12 | 2,918.26 |
| ALADI | 975.32 | 21.67 | 953.65 |
| Others | 204.59 | 48.80 | 155.79 |
| AU | 0 | 202.83 | - 202.83 |
| Σ | 13,043.46 | 14,843.07 | -1,799.61 |

Fig. 23 West African trade deductions, core data sourced from CIA – The World Factbook.

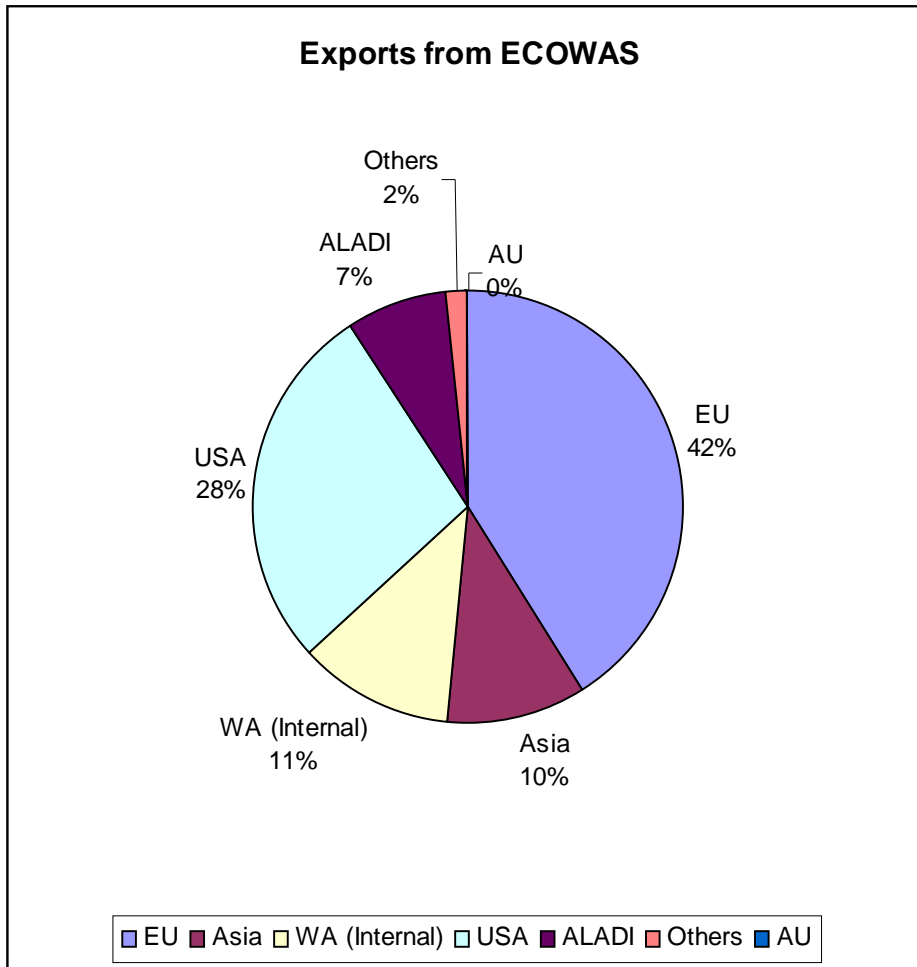


Fig. 24 Pie chart of West African exports regional destination for year 2005, as per data from fig.23

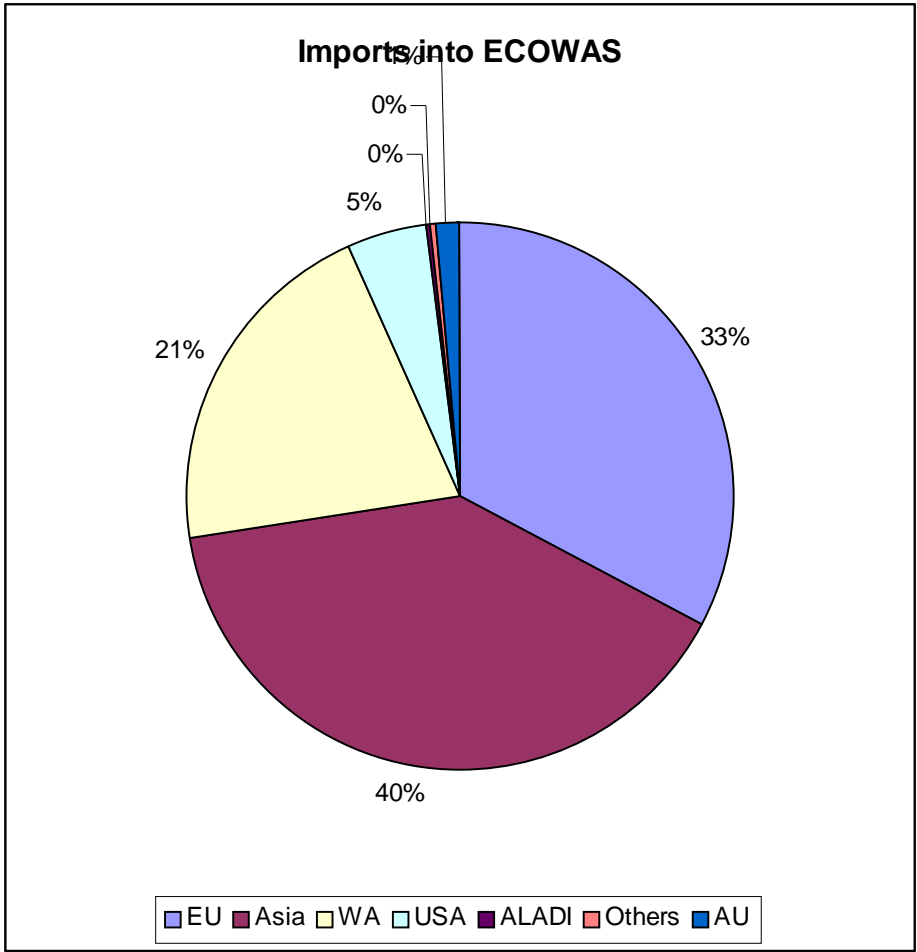


Fig.25 Pie chart of West African imports from regional blocks for year 2005, as per fig.23

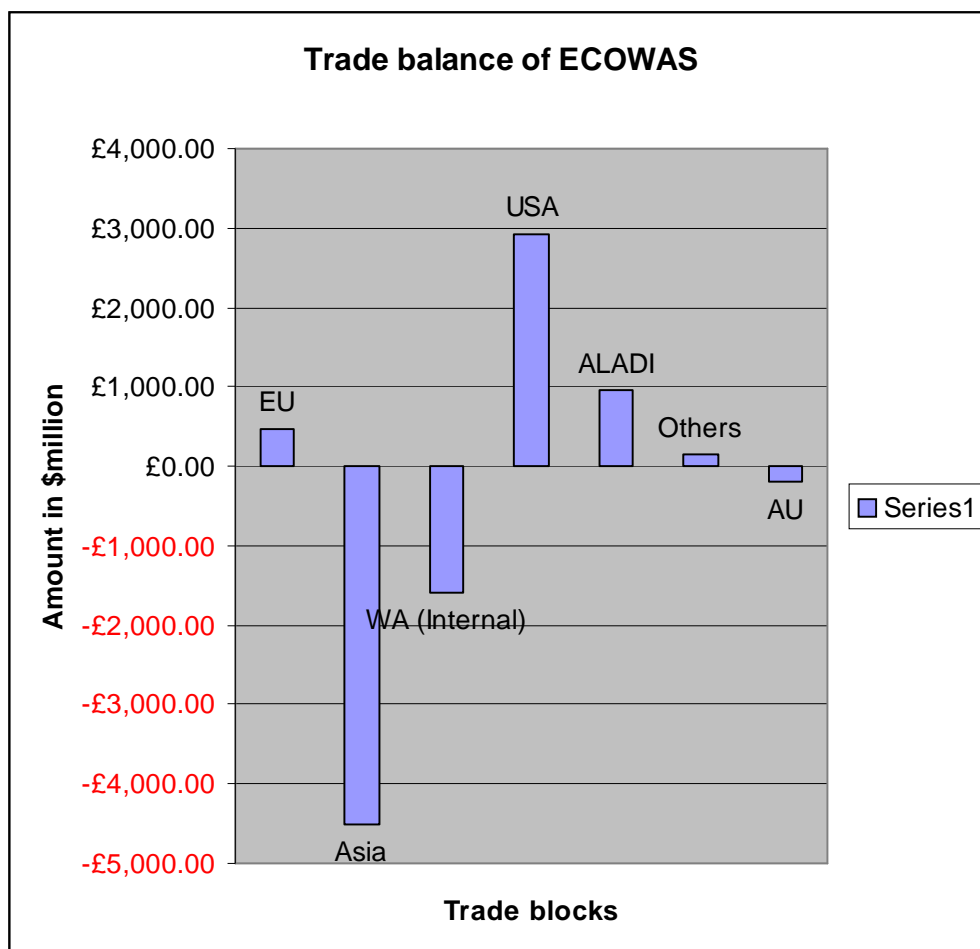


Fig. 26 Bar chart of West African trade balances (export & imports) for year 2005, as per data of fig. 23

European Union is ECOWAS's major export destination running into a 42 per cent of total exports, while internal trade (trade within West Africa) is as low as 11 per cent and comes after exports to USA under AGOA initiative with a volume of 28 per cent. Unfortunately, there is no significant recorded volume of export from ECOWAS into other African economic blocks or the rest of Africa.

With regards to imports, the ECOWAS region's leading source is Asia with China as a country within Asia being at the forefront, earning a comparatively huge return of 40 per cent of total imports of the region. Next to Asia are, 33 per cent of imports from EU, and a twenty-one per cent intra-ECOWAS region. Encouragingly enough though not sufficient the ECOWAS region

imports goods worth a volume of 1.4 per cent of their total imports from the rest of the African continent, as against an insignificant volume of export. That of imports from USA by ECOWAS countries is highly reduced as compared with exports at about a ratio of 5:1, in other words, imports from USA by ECOWAS countries is a fifth of exports to USA. Trade with USA by ECOWAS countries cumulatively does favour the region.

Of all ECOWAS trade balances; USA is the leading country that ECOWAS member countries' trading did result in trade surplus yielding \$2.9 billion for the year 2005, followed by the ALADI trade block, next is EU that yielded a trade surplus of \$466.55 million. This implies that North America is ECOWAS' favourable trading partner, yielding a trade surplus of \$3,871.91 for the year 2005. It is worth mentioning that, with ECOWAS gaining an appreciable revenue from trade with North America, next to intra-regional trade which must be boosted very high is that of ECOWAS-North America Free Trade Area (NAFTA) relationship that must be encouraged since this is a large market with variety of taste in goods and this region has a large disposable income cum high sale-consumption behaviour. Unfortunately a poor relation is noted as that of ECOWAS' member countries intra-regional trade, which resulted in a cumulative trade deficit amounting to \$1.584 billion. It is observed that, there is about twice the volume of importation from member ECOWAS countries than there are internal (ECOWAS inter-member) exports. ECOWAS exports almost four fold more of her products into EU than it consumes within the region, precisely the export ratio of ECOWAS into EU as compared to her intra-ECOWAS export is approximately 1:4. Asia is the region that ECOWAS loses a lot of her revenue in terms of trading that did run into trade deficit of \$4.5 billion. AU that is minus ECOWAS is the other region that ECOWAS did experience a trade deficit at a comparatively very low amount.

Overall, ECOWAS imports more than she exports running the region into trade deficit of \$1,799.61. However, ECOWAS member countries imports more within themselves than they

export to each other, implying the region could consume more of her own products than it is practised currently. Precisely, the volume of goods that is imported and exported in and out of the ECOWAS region (volume of intra-ECOWAS trade) forms a comparatively low value of 16.4 per cent as against the ECOWAS-EU volume of trade standing at a 36.7 per cent. This signals a high probability that should Ecozone consume more than 60 per cent of intra-regionally produced goods, the zone will generate huge trade surplus that is comparable with that of the ECOWAS-EU volume of trade. As a confirmation of the earlier assertion, the total volume of intra-ECOWAS trade sums up to \$4,572.89, which is about the same amount of imports from EU. Hence theoretically, ECOWAS starting with the proposed Ecozone then a harmonisation with the WAEMU block, would benefit more with forging a stronger trade union that could be cemented with a common currency block will result in a shared trade surplus, instead of the current trade deficit of \$1,584.63. An elimination of currency risk due to ECOWAS adopting a common currency, thereby accelerating the volume of intra-regional trade, will raise the balance of trade for the region even higher than expected.

ECOWAS-Asia volume of trade has accounted for a comparative huge trade deficit for the ECOWAS region amounting to \$4,506.40. Implying ECOWAS imports more from Asia than she does export to Asia, and precisely Asia is the leading importing source for the ECOWAS region. The ECOWAS-Asia trade pattern must be worked on and trends reversed to favour the ECOWAS region. Reversing the growing trend of ECOWAS-Asia trade, from the current huge deficit against ECOWAS member countries and simultaneously boosting the economy of the Asian region particularly China, must be considered by the ECOWAS authorities in other for the region to at least retain wealth if not growing and boosting local infant industries.

Some trade authorities will argue that, the proposed strengthening, growing and boosting of intra-ECOWAS trade is counter-globalisation. However, the quantitative trade relationship

between ECOWAS and other regional trade blocks has resulted into huge deficits for the ECOWAS region that needs redress, besides trade with NAFTA. Working out the frequencies of goods exported and imported out and into ECOWAS, the proposed Ecozone or WAMZ and WAEMU respectively, does give a clearer and better picture to nullify the counter-globalisation argument of some schools of thought. Tables and bar charts below do illustrate ECOWAS' trade patterns and product type for the year 2005, also there is a table of all ECOWAS member countries export and import product type.

EXPORT PRODUCTS FROM ECOWAS

| Country | Grains | Cotton | Fish | Palm oil / Products | Oil / petroleum products | Metals | Cocoa | Timber / Lumber | Coffee | Agric. Products | Rubber | Livestock | Fruits | Shoes |
|-----------------------|----------|----------|----------|------------------------|--------------------------------|-----------|----------|-----------------------|----------|--------------------|----------|-----------|----------|----------|
| Gambia, The | 1 | 1 | 1 | 1 | | | | | | | | | | |
| Ghana | | | 1 | | | 5 | 1 | 1 | | | | | | |
| Guinea | | | 1 | | | 4 | | | 1 | 1 | | | | |
| Nigeria | | | | | 1 | | 1 | | | | 1 | | | |
| Sierra Leon | | | 1 | | | 2 | 1 | | 1 | | | | | |
| WAMI Total | 1 | 1 | 4 | 1 | 1 | 11 | 3 | 1 | 2 | 1 | 1 | 0 | 0 | 0 |
| Benin | | 1 | | 1 | 1 | | 1 | | | | | | | |
| Burkina Faso | | 1 | | | | | | | | | | 1 | | |
| Cote d'Ivoire | | 1 | 1 | 1 | 1 | | 1 | 1 | 1 | | | | 2 | |
| Guinea- Bissau | 2 | | 1 | 1 | | | | 1 | | | | | | |
| Mali | | 1 | | | | 1 | | | | | | 1 | | |
| Niger | 2 | | | | | 1 | | | | | | 1 | | |
| Senegal | 1 | 1 | 1 | | 1 | 1 | | | | | | | | |

| | | | | | | | | | | | | | | |
|---------------------|----------|----------|-----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Togo | | 1 | | | | 1 | 1 | | 1 | | | | | |
| <i>WAEMU Total</i> | 5 | 6 | 3 | 3 | 3 | 4 | 3 | 2 | 2 | 0 | 0 | 3 | 2 | 0 |
| Cape Verde | | 1 | 1 | | 1 | | | | | | | 1 | | 1 |
| Liberia | | | | | | 2 | | 1 | 1 | | 1 | | | |
| Mauritania | | | 2 | | | 2 | | 1 | 1 | | 1 | | | |
| ECOWAS Total | 6 | 8 | 10 | 4 | 5 | 19 | 6 | 5 | 6 | 1 | 3 | 4 | 2 | 1 |

Figure 27 Table of export product type from respective ECOWAS member countries for the year 2005. A derivative from CIA – The World Factbook

It is evidentially that the West African region is primarily a producer and exporter of raw materials, and the most exported products are the regions naturally endowed metals as gold, diamond, iron ore, aluminium, bauxite, and the likes. Next to metals are fish, then cotton and cotton lint, followed by grains including peanuts, cocoa and coffee all in a descending order in terms of frequency. The descending order continues as timber and lumber, and oil specifically crude oil, then, palm oil and livestock exports. The least product exported out of the various ECOWAS member countries are shoes, and it is noted as the only finished product on the long list of exports. Table of Exports Product from ECOWAS as figure 27 does depict the above assertions and the bar chart of figure 32 headed ECOWAS Export Product Type does give a better picture of exports out of the various member countries.

Being mainly a producer and an exporter of raw materials as the ECOWAS region as the situation stands currently is and has being, though good, it is neither sufficient for generating maximum revenue nor for higher developmental take-off.

West Africa is being observed globally as a source of raw agricultural produce being fish, cotton, grains, cocoa, coffee, timber, livestock, rubber and fruits, which does not order well

for the region's developmental progress nor getting the region out of poverty into anticipated wealth.

On monetary block zones within ECOWAS, just as the whole regional pattern, the proposed Ecozone does mostly export metals on the list of produce. Fish is next to metals in terms of frequency of exports out of member countries. Following metals (as gold, diamonds and iron ore are just a few to mention) and fish, are cocoa, then coffee, and grains, cotton, rubber, palm oil, crude oil and petroleum products, timber, and other agricultural products is the least on the frequency scale of exports but not necessary in terms of monetary quantification of returns. The proposed WAMZ block has almost the same export frequency pattern as the whole of the ECOWAS region.

On the WAEMU front, cotton and cotton lint tops the produce mostly exported out of the member countries. Followed by grains including peanuts, then comes metals. Next are palm oil, fish, oil (crude oil) and petroleum products, cocoa, and livestock are of the same export frequency. Timber, coffee and fruits, are the least exported on the export frequency list. Again it is worth mentioning that, though timber, coffee, fruits, are the least in terms of frequency of export it is not necessary the least in terms of monetary returns. The WAEMU block does not export rubber, shoes or other agricultural products.

Though international trade emphasises on specialisation of products for export and in return a nation-state will import other products that it is less endowed in. However, the West African situation of being a specialist in exporting raw agricultural products onto the international market does not augur well for breaking the poverty chain, instead it will perpetually retain the region in under-development, if not etching the region further down the development ladder.

Since trade is a give-and-take affair either on barter bases or with money as a medium of exchange, the ECOWAS member countries do import products that they need to keep their

economies going. Unfortunately, for the ECOWAS region foodstuff is the leading set of goods imported into the region, while she does export a lot of foodstuff particularly grains and peanut, palm oil, fish and coffee. This particular good being foodstuff that is exported out of the ECOWAS region and imported back into the region either in the form of semi-finished or finished product is an irregular trade pattern, and the regional authorities must redress the situation as soon as practicable. Another anomalous trading pattern of the ECOWAS region are crude oil and petroleum products that are imported by most ECOWAS member countries, while Nigeria, Cote d'Ivoire, Benin and of recent Mauritania who are also members of the region are exporters of these same products in large volumes. Oil and petroleum products serve as fuel to drive the transport and the industrial sectors of every economy, thus for some members of the ECOWAS region being large producers and exporters of these products to other economies outside the region, while at the same time their non-oil-producing neighbours have to import the same products from the go-betweens is a worrying situation for the ECOWAS region. An ongoing trading anomaly of ECOWAS member countries is again seen in the exportation of cotton and cotton lint by the producing member countries, and then textiles are in return imported into the region by the local wax print industries. The importation of textiles from the rest of the world (countries outside West African region) by Nigeria, La Cote d'Ivoire, and Ghana to member a few ECOWAS countries that have spinning and textiles factories with their limited foreign exchange and at a higher cost, is resulted in the gradual dying of the textile industries. The list seems unending, livestock and metals are also another group of products that have fallen into the ECOWAS regions anomalous trading pattern as earlier mentioned. The anomalous trading pattern of the ECOWAS member countries is noted in the exportation of goods outside the region at lower prices and importing them back into the region either in the form of semi-finished or finished and sometimes re-packed products at

higher prices questions the ethics of international trade as practised by ECOWAS countries. The consequence of the anomalous trading mode of ECOWAS countries comes at lost of revenue initially from the low returns of exports and secondarily the lost of revenue from the importation of the same products at a higher cost. Whiles ECOWAS member countries are losing on international trade front, their trading counter parts mainly Asia and EU are gaining significantly from the anomalous trading mode of the West African countries. Such a trading mode (anomalous trading) of ECOWAS member countries is the result of an imbalance in member countries balance of trade accounts.

Shoes are the only product that is produced and consumed wholly in the ECOWAS region. In other words, it is solely the local market that consumes shoes produced by member ECOWAS countries, and it is the only product that is not exported nor imported.

The proposed Ecozone and WAEMU blocks does mimic the importing pattern of the whole ECOWAS region, with a minimal difference in the WAEMU front. Interesting, WAEMU block does not import the metals member countries did export in their original form, but as components of capital products, machinery, and transport. Figures 28 shows both country and monetary base import pattern backed with graphs in figures 34, 35 and 36.

IMPORT PRODUCTS INTO ECOWAS

| Country | Foodstuff | Manufactures | Oil / Petroleum products | Machinery | Transport / Transport Equipment | Capital Equipments | Metals | Textiles | Shoes | Chemicals | Livestock |
|-------------|-----------|--------------|--------------------------|-----------|---------------------------------|--------------------|--------|----------|-------|-----------|-----------|
| Gambia, The | 1 | 1 | 1 | 1 | 1 | | | | | | |
| Ghana | 1 | | 1 | | | 1 | | | | | |

| | | | | | | | | | | | |
|--------------------------|-----------|----------|-----------|-----------|----------|----------|----------|----------|----------|----------|----------|
| Guinea | 1 | | 1 | 1 | 1 | | 1 | 1 | | | |
| Nigeria | 1 | 1 | | 1 | 1 | | | | | 1 | 1 |
| Sierra Leon | 1 | | 1 | 1 | | | | | | 1 | |
| <i>WAMZ Total</i> | 5 | 2 | 4 | 4 | 3 | 1 | 1 | 1 | 0 | 2 | 1 |
| Benin | 1 | | 1 | | | 1 | | | | | |
| Burkina Faso | 1 | | 1 | | | 1 | | | | | |
| Cote d'Ivoire | 1 | | 1 | | | 1 | | | | | |
| Guinea- Bissau | 1 | | 1 | 1 | 1 | | | | | | |
| Mali | 1 | | 1 | 1 | | 1 | | 1 | | | |
| Niger | 2 | | 1 | 1 | 2 | | | | | | |
| Senegal | 2 | | 1 | | | 1 | | | | | |
| Togo | 1 | | 1 | 1 | | 1 | | | | | |
| <i>WAEMU Total</i> | 10 | 0 | 8 | 4 | 3 | 6 | 0 | 1 | 0 | 0 | 0 |
| Cape Verde | 1 | 1 | 1 | | 1 | | | | | | |
| Liberia | 1 | 1 | 1 | 1 | 1 | | | | | 1 | |
| Mauritan ia | 1 | 1 | 1 | 1 | | 2 | | | | | |
| ECOWA S Total | 18 | 5 | 15 | 10 | 8 | 9 | 1 | 2 | 0 | 3 | 1 |

Figure 28 Table of import product type into member ECOWAS countries for the year 2005. A derivative of CIA – The World Factbook

ECOWAS EXPORT PRODUCT TYPE FOR YEAR 2005

| Products | ECOWAS exports / Frequency | WAMZ exports / Frequency | WAEMU exports / Frequency | Rest of ECOWAS export/ Frequency |
|--------------------|---|---|--|---|
| Grains | 6 | 1 | 5 | 0 |
| Cotton | 8 | 1 | 6 | 1 |
| Fish | 10 | 4 | 3 | 3 |
| Palm oil | 4 | 1 | 3 | 0 |
| Oil (crude oil) | 5 | 1 | 3 | 1 |
| Metals | 19 | 11 | 4 | 4 |
| Cocoa | 6 | 3 | 3 | 0 |
| Timber / Lumber | 5 | 1 | 2 | 2 |
| Coffee | 6 | 2 | 2 | 2 |
| Agric. Products | 1 | 1 | 0 | 0 |
| Rubber | 3 | 1 | 0 | 2 |
| Livestock | 4 | 0 | 3 | 1 |
| Fruits | 2 | 0 | 2 | 0 |
| Shoe | 1 | 0 | 0 | 1 |

Figure 29. ECOWAS monetary blocks export product frequency table, as derived from CIA – The World Factbook

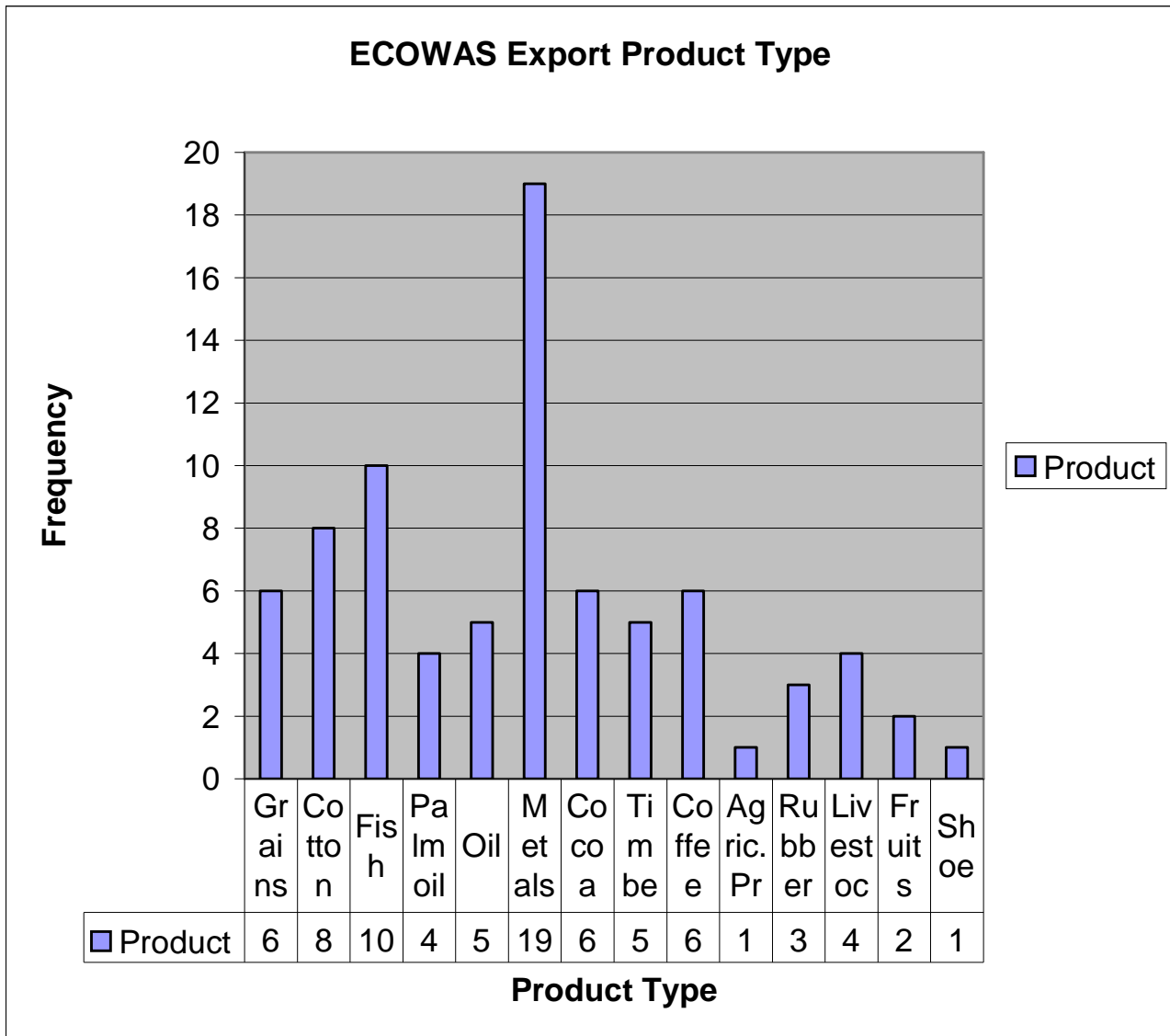


Figure 30. Bar chart of ECOWAS exports product type for the year 2005, as derived from CIA – The World Factbook.

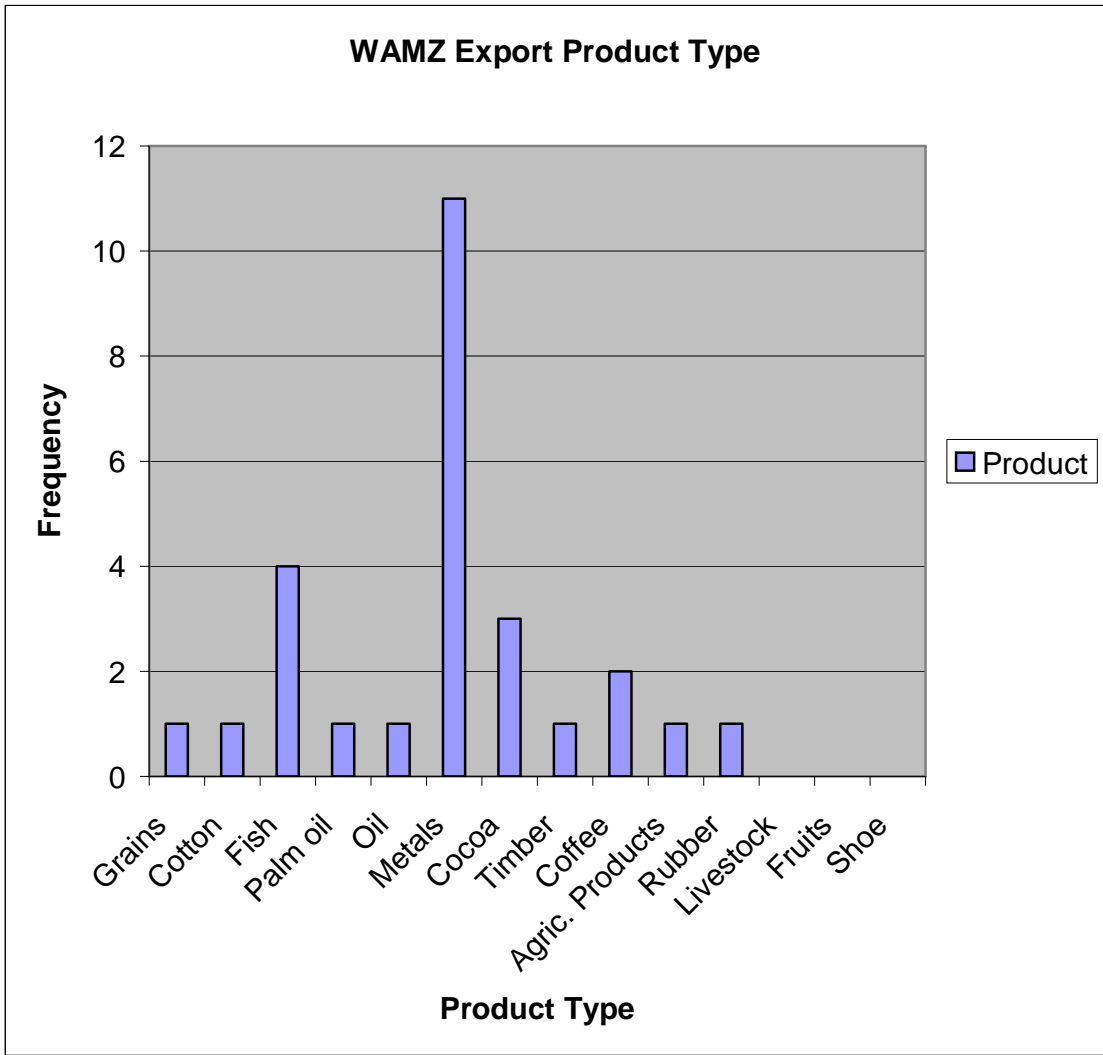


Figure 31. Bar chart of proposed Ecozone export product type for year 2005, as derived by CIA – The World Factbook.

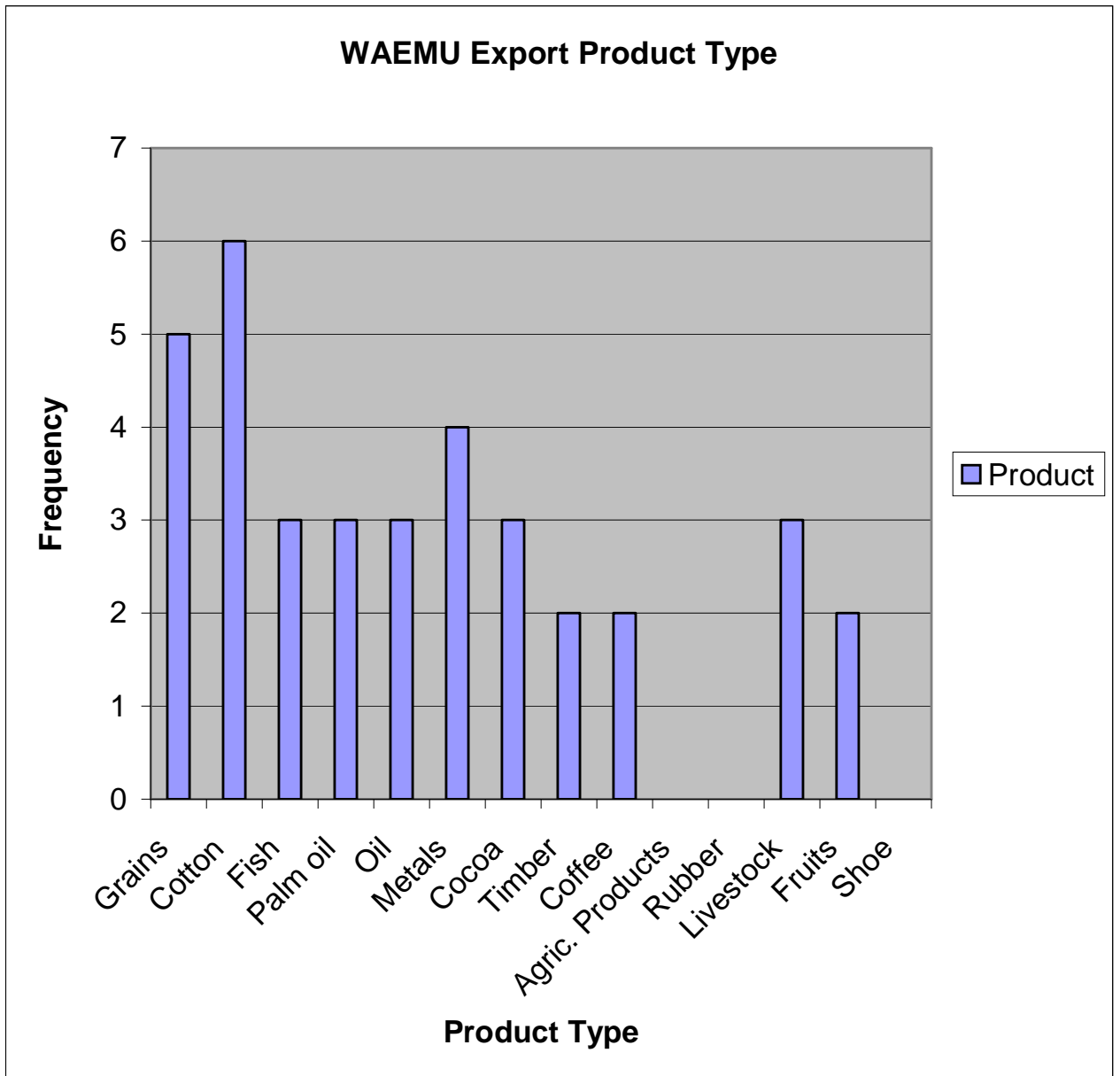


Figure 32. Bar chart of WAEMU exports product type for year 2005, as derived from CIA – The World Factbook.

ECOWAS IMPORT PRODUCT TYPE FOR YEAR 2005

| Products | ECOWAS import / Frequency | WAMZ import / Frequency | WAEMU import / Frequency | Rest of ECOWAS import / Frequency |
|--|--|--|---|--|
| Foodstuff | 18 | 5 | 10 | 3 |
| Manufactures | 5 | 2 | 0 | 3 |
| Oil, petroleum products | 15 | 4 | 8 | 3 |
| Machinery | 10 | 4 | 4 | 2 |
| Transport / transport equipments | 8 | 3 | 3 | 2 |
| Capital equipment / goods | 9 | 1 | 6 | 2 |
| Metals | 1 | 1 | 0 | 0 |
| Textiles | 2 | 1 | 1 | 0 |
| Shoe | 0 | 0 | 0 | 0 |
| Chemicals | 3 | 2 | 0 | 1 |
| Livestock | 1 | 1 | 0 | 0 |

Figure 33. ECOWAS monetary blocks import product frequency table, as derived from CIA – The World Factbook

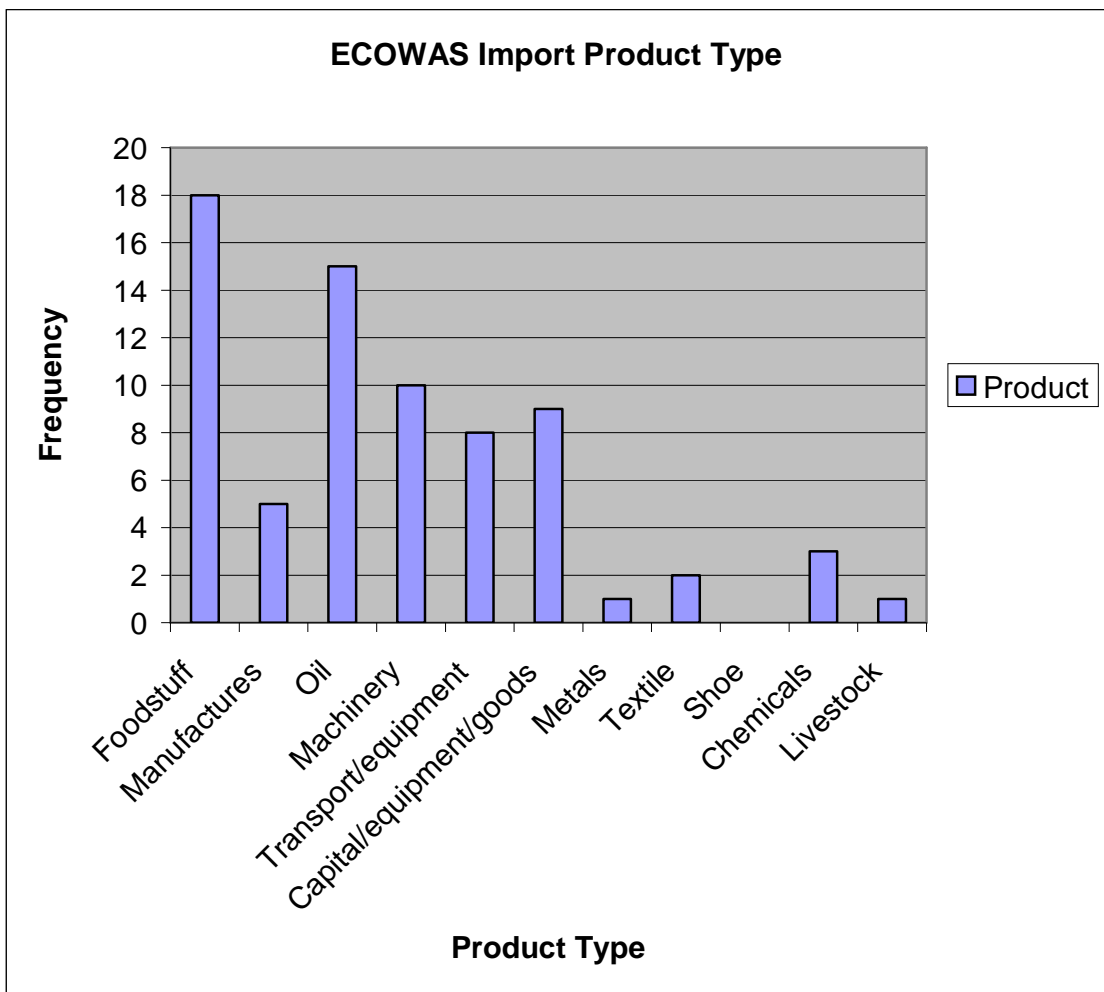


Figure 34. Bar chart of ECOWAS import product type for year 2005, as derived from CIA – The World Factbook.

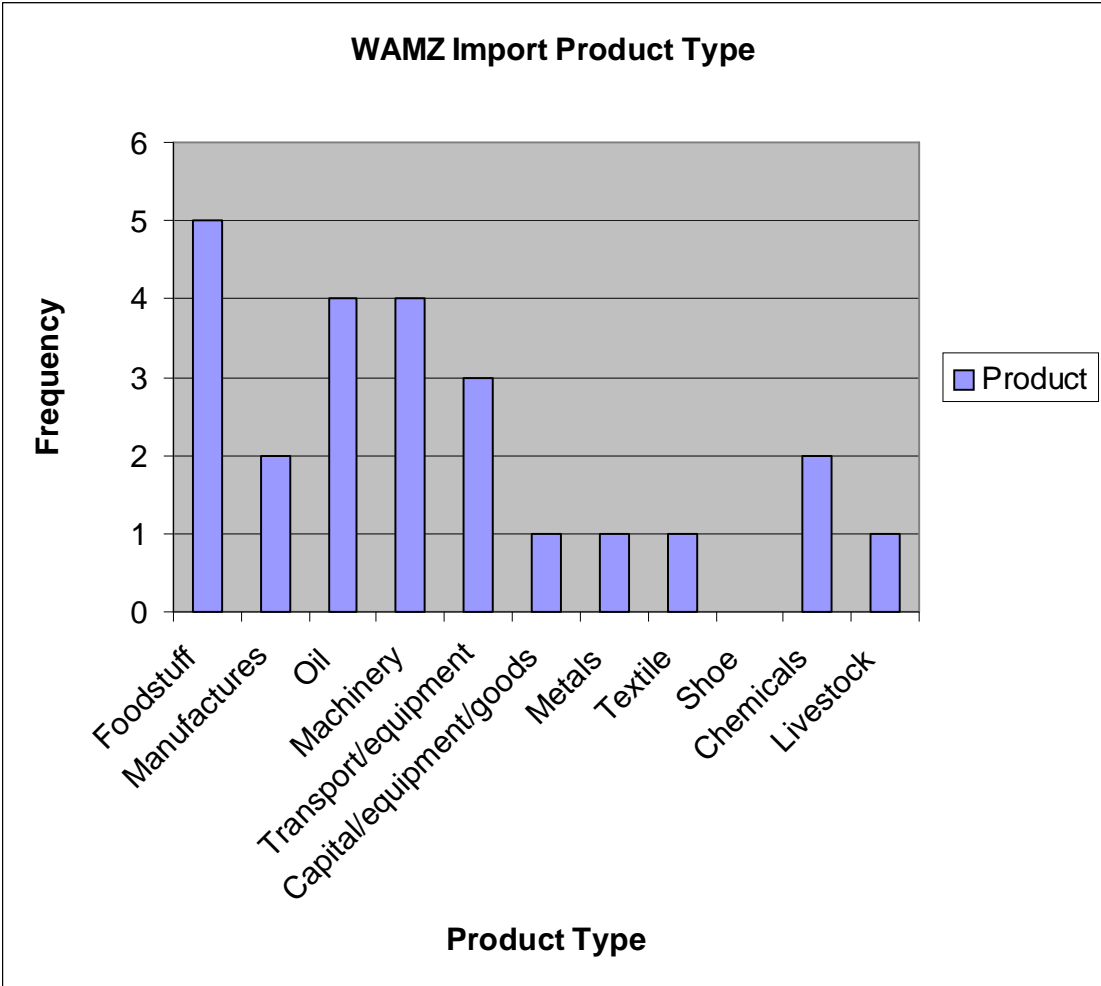


Figure 35. Bar chart of proposed Ecozone import product type for the year 2005, as derived from CIA – The World Factbook.

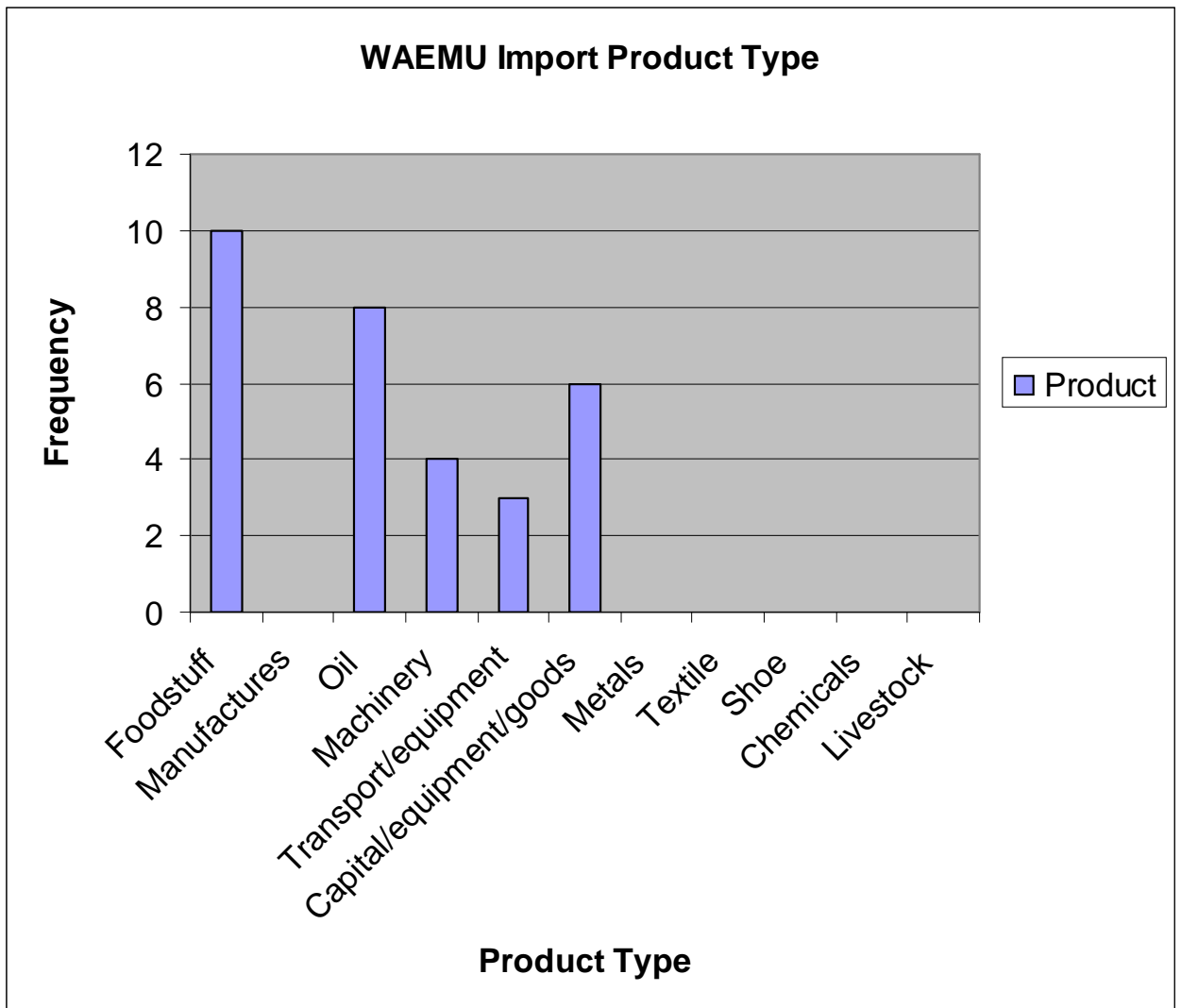


Figure 36. Bar chart of WAEMU import product type for the year 2005, as derived from CIA –The World Factbook

Carefully studying tables and graphs spanning from figures 27 to 36 does depict that the ECOWAS region is in the phase of an abnormal trading pattern, and this needs to be redressed as soon as practicable by both the World Trade Organisation and ECOWAS, and lessons could be learnt by AU member countries who are not members of ECOWAS.

Combining the frequency of products traded by ECOWAS member countries, their trading partners and amounts of returns and expenditures accounted from trade, does undermine the principles of specialisation in international trade, resulting into huge trade

deficits for the West African region, and questions the benefits to be achieved out of globalisation.

- It is observed that the proposed Ecozone as a monetary block does top in the frequency of goods trading pattern of the ECOWAS region, implying the block must get-off the preparatory stages quickly to lead the regional change in trade pattern into trade surplus.
- The issue of exporting raw materials by ECOWAS member countries and in return import finished products or sometimes re-packed products must be re-dressed. As part of the ECOWAS authority's re-dressal of the noted anomalous trading pattern, is for the region to retain and re-distribute by spreading among member countries and then consuming a substantial volume of the produce within the region, and only excess may be exported. Besides, ECOWAS authorities determining the volume of goods to be consumed within the region and only the excess is to be exported, raw products must be processed into finished products, and trade destinations or partners must also be assessed in the terms of returns to be earned. Re-distribution of goods within the ECOWAS region has to do with those member countries who are endowed with products as oil and petroleum products, metals, fish, and grains must be encouraged to sell first to other regional neighbours that lack these same products before the excess are exported. It should become the responsibility of ECOWAS to establish the minimum consumption level of the region of all goods produced locally, then a legislation of quotas on products for regional consumption prior to export, is to be agreed and abided by all member countries. The assessment of trade partners in terms of returns to be earned, refers to ECOWAS member countries trade with Asia and in particular China, must be re-looked. Since ECOWAS' trade with Asia has resulted into huge trade deficit for the region. Unlike ECOWAS trade with Asia

running into deficit, trade with the USA and EU did result into trade surplus, which is good for ECOWAS region's development and progress. Trade with USA per AGOA by ECOWAS member countries is to be encouraged, though must come next after intra-regional trade. ECOWAS - China trade needs to be reviewed and be reduced to a sizeable and complementary level that will not run the ECOWAS region into trade deficit.

- Just as shoes produced within the region are consumed locally, so should goods such as cotton and cotton lint be sold to spinning and textiles companies within the region on priority bases. Instead of the current exportation of cotton and cotton lint to Asia and EU, the ECOWAS member countries who produce cotton as Gambia The, Benin, and Togo should set-up textiles and garment factories so their cotton be converted into textiles and must be consumed within the region first, then the excess could be exported. ECOWAS member countries must take a cue from products expected into USA per AGOA initiative, with one of the goods being clothes and textiles, meaning the finished product being textiles and clothes have a readily available market in the USA. Cocoa and coffee are other raw agriculture produce that are exported out of the ECOWAS region in large quantities and they are imported back into region as finished products and consumables, and worse of all at a high cost. Metals as gold, diamonds and particularly aluminium are also exported out of the ECOWAS region and when processed into electrical and electronic parts, jewellery, and as a store of value of nation-states, it earns more returns than it was initially bought out of West Africa region. This obvious revenue earned from the anomalous trading situation of the region calls for ECOWAS authorities to work towards industrialising their economies, so as to reverse the trade trends and earn the much-needed higher returns than they are currently.

- Transportation and transportation equipments, capital equipments and machinery being imported by some ECOWAS member countries must be used to revamp the dying industries of the region.

Primarily ECOWAS member countries must re-look at their trading patterns and partners in terms of returns and development of the region as a whole, instead of the current practise of running their balance of trade into deficits and worse of all the region is experiencing a depletion of natural resources.

On examining the international trading behaviour of the West African region it could be concluded that, the ECOWAS region is considered as the producer of raw materials that is cheaply priced by the recipient (being the rest of the world) to feed recipients industries and economies.

The assertion by some authorities that ECOWAS region's trade deficit with Asia is compensated for with foreign direct investment (FDI) is been probed in later pages under literature review.

LITERATURE REVIEW

A brief history of ECOWAS as an organisation and its foci is well explained as:

“ECOWAS: Plans for the Economic Community of West African States (ECOWAS) were first formally set out at the Monrovia Group meeting of April 1968. The Community was established by the Treaty of Lagos, which was signed by representatives of 15 West African States in Lagos on May 28, 1975. It entered into force in July 1975 when the necessary seven States ratified the Treaty. The first meetings of the Council of Ministers and the Authority of Heads of State and Government took place in Lomé, Togo, November 4-5, 1976 at which time additional protocols to the Treaty were signed. Cape Verde later acceded to the Treaty and thus became the sixteenth Member State of the Community. A revised Treaty was signed by the sixteen West African Heads of State on July 24, 1993. The revised Treaty reflects West Africa's regional cooperation experiences over the preceding fifteen years and takes into account the exigencies of continental integration as envisaged in the Treaty of the African Economic Community. The principal objectives of the Treaty, to be achieved in stages, is the creation of an economic and monetary union. To this end, a regional trade liberalization scheme has been adopted for the creation of a free trade area by the end of 1999, and a common external tariff is being implemented in phases. The three-phase programme for the free movement of Community citizens has been completed. The Community has been pursuing the physical integration of its Member States through the development and modernization of regional highway and telecommunication networks. Member States have committed themselves to the coordination and harmonization of national economic and financial policies in order to enhance the effectiveness of national structural adjustment and economic reform programs. This is also to facilitate the regional approach to economic development and the establishment of a monetary union. The monetary program adopted by the Community has the medium-term objectives of

achieving regional convertibility of the nine national currencies and, in the longer term, the creation of a single monetary zone. Meanwhile, an ECOWAS travellers check was launched in October 1998 to facilitate regional travel and commercial transactions. Composition 15 member countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo." (ECOWAS, 2006)

Critical assessments of the three-phase motives of ECOWAS are:

- Free movement of her citizens without restrictions.
- Harmonization of national economies.
- Adoption of common currency.

In principle and theory the ECOWAS region has adopted a free movement of all citizens of the West African community and free movement of goods which is very good and it is expected to enhance the economies of all participating countries. Although since the free trade treaty within the region was signed in 1999, it has not being very easy to fully implement. Unfortunately instead of the free-trade and free-movement treaty yielding wealth for all participating countries, blockages to free-trade and free-movement treaty within ECOWAS has notably key factor as diverse immigration policy and varying rates of taxation. Country bias taxation rates and systems are the known significant hindrance to harmonized revenue generation and it has resulted into the partial defeat to the main goal of the free-movement and free-trade treaty. In practice there are quite a number of adversary restrictions on the free movement of persons and goods that as earlier mentioned is having a negative effect on the general wealth creation of the region. Some the few earlier mentioned adverse effects to the free-movement and free-trade on the economies of some of the participating countries are smuggling of cocoa from Ghana into Cote d'Ivoire and vice-versa,

and also the smuggling of petroleum products across borders of some of Nigeria, Ghana, Togo, Benin, and Cote d'Ivoire. Also movement of animal products and herd of poultry particularly cattle does continue to pose a problem to the herdsman and their cattle and products. Illegal extortion of large sums of money from herdsman by some immigration officers across the borders of Ghana, Togo and Burkina Faso, tends to have two-sided adverse effect as, depriving governments of the legitimate tax from herdsman on one hand, and on the part of the herdsman it serves as a disincentive to rearing animals. Although, the free movement of citizens, goods and commodities across each others borders is said to have being achieved by the ECOWAS authorities, it is evidential that more work needs to be done in the areas of harmonizing the varying immigration policies and varying taxation systems resulting into a common taxation and immigration policies. The common taxation and immigration policy proposed when enacted, and citizens of the region are well informed of it, it will remove the last pillars of restrictions on movement of citizens, goods and commodities. This will eventually serve as the proper break through in regional trade and the realisation of the free movement and free trade treaty signed in 1999 by ECOWAS authorities, besides the region will inadvertently enjoy economic growth from trade both on individual and commercial levels. When the free trade and free movement of citizens, goods and commodities come into full effect being driven by common taxation and immigration policies, it will give birth to ECOWAS multinational companies spreading into most countries within the West African region, and an further invasion from other giant firms within Africa and the rest of the world at large. The foreseeable industrial invasion of the Ecozone upon its adoption of common trade and immigration policies will increase the level of the regions direct foreign investment (DFI) leading to the region enjoying an improved economy, lower unemployment rate and ultimately regional wealth. The invading multinationals (both locally and international) will take advantage of larger market-consumer size, free movement of goods (raw materials and finished products), a common

and comprehensive tax system irrespective of the country of origin and market. Hopefully the multinationals will look at tax incentive areas as well, hence making them (multinationals) invest in a broader geographical area, than just the concentration of operating from some capital cities with the West African region.

An assessment of a portion of the Secretary General of ECOWAS' write up regarding the above issue, titled 'ECOWAS in The Global Economic Integration Process' as:

In recent years, despite several impediments, ECOWAS has made considerable efforts to strengthen cooperation in various areas including trade liberalization, regional infrastructural network, monetary integration and agricultural programmes. Towards the creation of a free trade area, the ECOWAS Trade Liberalization Scheme was launched in 1990 to eliminate over ten years, all tariff and non-tariff barriers to intra-Community trade. The programme involved the adoption of common customs and statistical nomenclature, single custom declaration form, harmonized customs procedures and common certificate of origin. Since 2000, the region had achieved the status of a free trade area involving free movement of originating goods, free of all duties and barriers." (Chambers, M.I, 2004)

Dr. Chambers' assessment of free movement and free trade within the West Africa region is unfortunately more theoretical than practical as situations on the respective West African country borders points to the converse. As the Secretary General of ECOWAS he and other ECOWAS secretariat authorities intentions regarding common customs and tariff and non-tariff barriers removal are well explained and more on paper with very little on the ground. Smuggling of textiles and vehicle spare parts (just to mention a few) across the Ghanaian borders from Togo and Nigeria by Ghanaian traders in order to evade tax (import duties) is a classical example of the theoretical nature of the harmonized customs procedure and elimination of tariff barriers in intra-community trade. It is recommend that the ECOWAS secretariat must expedite action on the ECOWAS Trade

Liberalization Scheme to serve as one of the catalyst to realization of the common currency (Eco) and its positive resultant effect of wealth creation for all "in countries" (Eco adopted currency which irrevocably replaces the national currencies of West African countries.

With the laudable three steps approach of ECOWAS in achieving economic independence and strengthening the economies of the region being: Free movement of goods, harmonization of economies and adoption of common currency, it should have explicitly stated the positive end result as regional growth and wealth creation. WAMZ and ECOWAS must state the benefits and losses of the various stages of the economic growth towards regionalism, since this will serve as a positive reward and hence a reinforcement of for member countries to work towards achieving. Unlike the current state in which ECOWAS and WAMZ are running with latent and not well defined end result of regionalism, it is proposed ECOWAS and WAMZ should clearly spell out the stage wise benefits to be derived by participating countries in regionalism and common currency concept and organizations respectively. The theoretical explanation of an explicit action-reward-action learning process that is being proposed is to be inculcated into the planning, building, implementation and growth stages by WAMI, is similar to the classical conditioning by Pavlovian learning theory or the Operant conditioning by Skinner. Here, WAMI and ECOWAS must liaise with African Development Bank (ADB), donor countries and agencies (IMF, World Bank and G8 among the likes) and the African Peer Review Mechanism (APRM) of African Union (AU) so financial aid is given to countries who are working towards achieving and upon achieving maintaining the convergence criteria of the West African common currency. In return, the donor agencies and countries (G8) will be free of the burden of working towards reducing poverty in West Africa and shifting the social responsibility to local organizations such as WAMI and ECOWAS. Organisations as ADB, G8, APRM, IMF and World Bank all have as part of their objectives or roles as the elimination of poverty in Africa and empowering Africa's African Peer

Review Mechanism (APRM) an organization with African Union (AU) in particular that have as one of their cardinal role of returning ownership of Africa to African leaders. Consequently, WAMI and ECOWAS liaising with the APRM of AU and African Development Bank (ADB) and other international financing institutions is logical. This action will strengthen the regional organizations and will make them effective for the global good.

With both internal (country base) and external (donor agencies, and multinationals) approaches as earlier recommended in a stage wise manner, it will go a long way to achieve this dissertation's perception of Ecozone as "Larger population leading to larger market and resulting into wealth". The current Head of EOWAS did allude to this dissertation's perception in a different syntax as:

"The benefits of regional integration include the creation of a larger market by small economies thus allowing production to benefit from economies of scale. Essentially, there would be more opportunities for trade and new investment. . . ." (Chambers, M.I, 2004)

Dr. Mohammed Ibn Chambers' comment above is synonymous to the author's thoughts of the expected benefits of a single currency block. His mention of economies of scale is synonymous to high productivity from industrialization that this dissertation did also propose. Theoretically, an aggregation of smaller countries will lead to a larger market size, but as to whether the will be larger market will result into regional wealth, is dependent on couple of major factors as the adoption and implementation of prudent economic measures and the will of the citizens to work towards generating wealth.

Despite ECOWAS' three stage development being saddled with some hindrances the planned common currency proposals is on course, so students who are interested in African issues as the author of this dissertation have opted to examine the viability, success and otherwise of the final stages of ECOWAS regionalism as common currency.

It is worth mentioning, there are various stages of integration of countries or small states seeking to build a regional block, it mostly starts from trade or industrial cooperation of all interest countries or states, through to the harmonization of immigration policies and sometimes taxes, this then develops into a regional common currency zone. It is in the above described line that ECOWAS did set-up WAMZ to drive the West African region through to realizing a matured regional cooperation. WAMZ is tasked to ensure the fulfillment of a common currency to crown the West African regional integration growth as:

“The Heads of States of six countries in West Africa, as part of the fast-track approach to integration, decided in Accra, Ghana, April 20, 2000 to establish a second monetary zone to be known as the West African Monetary Zone (WAMZ) by the year 2003. These countries namely The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone signed the ‘Accra Declaration’ which defined the objectives of the zone as well as, an action plan and institutional arrangements to ensure the speedy implementation of their decision. It is envisaged that this zone will be merged with the CFA Franc Zone to form a single monetary zone in West Africa.” (WAMI 2000)

The Accra declaration of a fast-track approach to the adoption and irrevocably replacement of national currencies for a single currency to be known as Eco was well thought off, but as time rolled by from the year 2000 to date, the assessment of the phrase “fast-track” has being undermined. Undermining of the introduction of the Eco by the interest countries (The Gambia, Ghana, Guinea, Nigeria and Sierra Leon) refers to the two successive deferments. Year 2003 was the first date for the introduction of the Eco, but it was not feasible, then it was deferred to July 1, 2005 which was also not realized for the same reason as most member countries had not meet the convergence criteria. On the 5th - 6th May 2005 the Heads of States of all ‘in countries’ at a monetary summit in Banjul did unilaterally declare December 1, 2009 as the next expected date for the introduction of the common currency (Eco). Even at this meeting, the December 1, 2009 is a

conditional date, with the condition being the as usual attainment of the convergence criteria by all would be 'in countries'. After two successive failures of the Eco's take-off, the mind provoking question of all interest parties is, would year 2009 be an economically realistic year or another deferred one.

Some of the benchmark for convergence as presented by the West African Monetary Institute (WAMI) in a book entitled 'Macroeconomic Development and Convergence Report' 2002 for WAMZ qualifying countries are defined as:

" Primary Criteria

- Inflation, point-to-point of single digit by 2003 and 5 per cent by 2005

Inflation is defined as the increase in price level based on percentage change in the consumer price index between successive end-periods (point-to-point)."

(WAMI, 2002)

{Mathematically represented as: $\text{Inflation} < 10\%$ }

- "A restriction of the overall Budget Deficit (excluding grants) as a ratio of the gross domestic product (GDP) at a current market prices to no more 4 per cent."

(WAMI, 2002)

{Mathematically represented as: $\text{Budget Deficit (\% of GDP)} \leq 4\%$ }

- "Ceiling on Central Bank financing of budget deficits to 10 per cent of previous year's tax revenue during 2003 – 2005." (WAMI 2002)

{Mathematically represented as:

Cap on Central Bank financing of budget deficits $\leq 10\%$ }

“Secondary Criteria

- Exchange Rate Stability / ERM

The central parity of nominal exchange rate determined on March 31, 2002 maintained within $\pm 15\%$ fluctuation band as defined by the WAMZ ERM.”

(WAMI 2002)

{Mathematically represented as: $-15\% \leq \text{Exchange Rate Mechanism} \leq 15\%$ }

- “Positive Real Interest Rate > 0

Defined as the average of the minimum and maximum savings deposit rates less the inflation rate at end of period.” (WAMI, 2002)

WAMI’s primary and secondary convergence criteria as formulated is been accepted by all would be “in countries” which is good in the spirit of adopting a common currency. But from a more critical view, some significant changes in thought needs to be taken into consideration regarding the convergence criteria, of which the author thinks will improve the economies of all participating countries and will be in line with the theme of wealth creation.

This dissertation proposes a seven-point economic test as the criteria for the West African common currency as named Eco, with wealth generation for all would be members as the long-term goal of the monetary union. The major questions underlining the formulation of the seven-point economic test are:

- Growth – Will the Eco lead to the economic growth of the region and member countries?
 - I. Foreign direct investment. Will the introduction of the Eco bring in more FDIs over the long-term to the region, and in particular for all “in countries”?
Will the FDIs to be attracted aid in the economic development of the region?
Will Eco bring more technological industries into the West African region?
 - II. Trade returns. Will Eco reverse the aggregate trade deficits into balance of trade surplus?

These are some of the factors to be considered in assessing economic growth.

- Stability – Is Eco going to be able to bring economic stability? Areas to be assessed for stability are;
 - I. Currency stability. Is the Eco very likely to be stable over a long-term? This is to be assessed from lesson to be learnt from individual national currencies before joining the Ecozone.
 - II. Exchange rate. The volatility of national currencies as against the US dollar will aid in determining relativities in “in countries” national currencies before joining the monetary union. This will aid in currency harmonization policies prior to joining Eco.
 - III. Public commitment to monetary union. Are the members of the public well informed about the planned common currency for the West African region?
Are the members of the public prepared to accept Eco as the common currency that replaces their national currencies? In other words is the public will sufficient enough for the take-off of the Eco?

➤ Poverty reduction – Will the Eco lead to the reduction of the high levels of poverty in the region? This is to be assessed from macro-economic indicators as:

7. Inflation (consumer price index). Is it possible for proposed “in countries” to meet the inflation criterion?

Is it also possible for “in countries” to maintain the inflationary criterion?

Is the harmonized regional inflationary rate likely to be maintained for the long-term benefits?

8. Interest rate. Will member countries be able to meet interest rate decision factor that will aid growth?

Will the interest rate standard by “in countries” be maintained over the long-term?

9. Job creation and a significant reduction of unemployment levels. Will Eco promote local private initiatives to cater for job creation?

Will the FDIs lead to creation of more jobs in the Ecozone?

➤ Government borrowing – Will the Eco make it possible for governments of would be member countries (in countries) significantly reduce their levels of indebtedness? This is to be assessed from:

I. Central Bank financing of budget deficit is to be eliminated and prohibited. Will Eco help the “in countries” governments to reduce or eliminate their levels of borrowing from the central banks in financing of budgets?

Will Eco aid governments of “in countries” to run their economies without borrowing from central bank with success?

II. Budget deficit (as % of GDP) to be Budget surplus. It is mathematically represented as:

Budget Surplus \geq 0.

Will Eco aid in the harmonization of all "in countries" government to run their economies without budget deficits?

Will Eco aid "in countries" economies with minimal funding to cater for supplementary annual budgets and at the same time not to offset the accepted fiscal policies?

- III. GNI per capita of all "in country" be over \$900. Will growth, stability, poverty reduction, and government borrowings approaches of the Eco lead to raising the GNIs of their members who are categorized as Least Developing Countries (LCD)?

GROWTH AND JOB CREATION

Foreign Direct Investment (FDI)

Direct investment mostly by transnational corporations (TNCs) of one country in another nation-state being attracted by the host nation-state's natural resources, tax benefits, market size, proximity to other large markets, and lowly paid skilled manpower are amongst the few benefits, and in return the TNCs enter with the potential of offering the host nation-state returns as boosting their economies, technological transfer, generating employment and in some cases provide funds to build better infrastructures (as roads, good drinking water and electricity among others).

It can be inferred from the above definition of FDI that, countries seeking FDI and TNCs venturing new markets is a two-way round inevitable effect. Dunning did define the expected advantages to be explored by TNCs that will lead to profitability in investments in developing countries as:

- Market-seeking (TNCs that serve market through investment rather than through exports)
 - Efficiency-seeking (e.g. TNCs using low labour costs)
 - Strategic asset seeking (seeking technologies, skills or take over brand names)"
- (Dunning J. 1995)

Foreign direct investments in the West African region could be dated back to over two centuries in the forms of both inflows and inward stocks. FDI inflows into the ECOWAS market have being comparatively higher than outflows out of the region. Though this dissertation is apolitical, it is worth mentioning that in the 1980s the FDI inflows into West Africa did reduce due to the growing socialist political orientations of some of the countries within the region. However of recent, specifically since 1990s a democratic political dispensation is swept through the region of

West Africa, and the task for transnational corporations analysts has to do with, which of the countries within the West African region would be able to sustain democracy for long-term. In order that such giant corporations could determine their time bound profits out of their investments in the said West African country or countries. Globalization has fueled FDI's entries into economies ranging from Least Developed Countries (LDCs) through to Advanced Developing Countries with host countries having to draw sets of running programs to attract FDI's. Precisely, countries including Benin and Ghana rising up the economic ladder to the heights of India have an up-and-running agenda to attract FDI's with the long-term goal of improving their economies. Attracting transnational corporations via FDI programs, and at same time the transnational corporations also seeking emerging economies and new markets to explore, with both parties expecting returns in one form or the other. This has led to a healthy competition for both countries seeking FDI's and the transnational corporations seeking economies that would deliver it huge profits after each accounting year. This competition has led to the will of countries seeking FDI's to forgo some aspects of their national pride in terms of altering their national culture and in some cases working and corporation culture. Once nation-states are willing to let-off some aspects of their culture, it does empower transnational corporations to be willing to enter such economies. In some cases, TNCs have over-powered the governments of their host nation-states, because their operations contribute to the financing of the nation-state's economy. A case in point was, in the 1980s and earlier 1990s the downward turn of the West African region's economies did serve as a fertile ground for IMF and World Bank to and are still promoting privatization of the local industries to multinational corporations who are mostly Western originated. Privatization as promoted by IMF and World Bank for the West African countries is aimed at the countries letting go state ownership of corporations to foreign owned multinationals, in order for such governments reduce loses and make them competitive. However, the privatization of state-owned corporations

in the West African countries by IMF and World Bank was neither that of USA's approach of "rolling back the state" nor the United Kingdoms approach of state-owned firms being let off to competition and part finance by the market on the London Stock Market and partly government funding but at a reduced level.

Multinationals with foreign-based parent source did take advantage of the privatization program of the West African region to either go in for an outright full ownership technically known as acquisition or in some cases mergers with local entrepreneurs were forged. The number of transnational corporations in West Africa have significant accounting value in most countries of the region, and they seem to wield authority in the use of high technological and higher revenue generating areas, as petroleum drilling and refinery, and minerals mining are a few to mention. Mergers and Acquisitions (M&A) were and are still the mode of entry into the ailing corporate West African by the giant multinationals. Mergers and Acquisitions of ailing state-owned corporations of West African countries carried out as prescribed by the Bretton Wood institutions are questionable. Modalities of the M&A of state-owned corporations in the West African countries should have being managed by locally owned commercial banks, and shares be floated on their respective stock markets, thereby retaining wealth within the respective countries and for that matter the West African region. The converse was and is what is pertaining in the West African region. In other words, foreign multinationals acquisition approach as ascribed by Bretton Wood institutions of the state-owned corporations of West African countries, only ensures the repatriation of profits out of the region and rendering the host countries and the West African region poorer. As observed above, the Bretton Wood institutions led approach on the privatization of state-owned corporations of countries within the West African region could in future spark some disagreements between growing nationalist political organizations or de facto nationalist organizations and the multinationals. It is reported that some local organizations and civil society of

the host countries have resisted the Bretton Wood institutions privatization approach on their state-owned corporations in Africa. This view could be sensed from the Bretton Woods commentary on 'Setbacks to privatization across Africa' as:

" The collapse of a flagship water privatisation in Tanzania, and opposition to both a planned privatisation of the state cotton board and the completed privatisation of the state railway in Mali, highlight the continuing struggle over pressure from the Bretton Woods institutions to privatise in Africa.

In late May, the Tanzanian government pulled the plug on a deal with British company Biwater, which had been contracted in 2003 to bring water to the capital region. Privatisation of the capital's water system was a condition of both IMF support to Tanzania and for getting debt relief under the Heavily Indebted Poor Countries initiative.

Tanzanian water minister, Edward Lowassa, said the company had "failed to produce the goods", claiming that no new domestic pipework had been installed and that the company had invested less than half of the promised \$8.5 million which it had agreed. Larry Magor, chief executive of Biwater, conceded that the project had fallen behind schedule, but claimed that information provided to Biwater was "not only incomplete but also inaccurate". In a strange twist to the story, three executives of Biwater's Tanzanian subsidiary were temporarily detained and then deported in early June. A new institution, Dar es Salaam Water and Sewage Corporation, Dawasco, is being formed to replace the failed firm.

British campaigners from World Development Movement (WDM) are highlighting the role of the UK's Department for International Development (DFID) in the failed privatisation. DFID paid Adam Smith International, a right-wing thinktank, more than £500,000 to provide advice to the

Tanzanian government on reform of the country's water system. DFID has admitted paying more than £36 million in the past seven years to Adam Smith International and Price Waterhouse Coopers to advise countries on privatising utilities.

Biwater's difficulties in Tanzania were likely at the root of its decision to withdraw from the bidding process for a controversial water privatisation in Ghana (see Comment, Update 43). Rudolf Amenga-Etego, head of Ghana's National Coalition Against the Privatisation of Water, has urged "other companies who are still thinking of bidding for this contract to do the same as Biwater". The World Bank approved a \$103 million loan for the privatisation of Ghana's urban water system in August 2004. Bidding for the contract is currently underway...

Concerns over Mali's impending privatisation of the cotton industry are growing amongst cotton producers, civil society groups and in some quarters of the government. The World Bank has been pressuring Mali for several years to privatise CMDT, a parastatal company responsible for the commercialisation and development of Mali's cotton production. The government recently managed to delay privatisation until 2008.

While most Malians agree that CMDT is poorly run, there is widespread concern from producers about the impact of full-blown privatisation on prices paid for inputs and those received for their crops." (Bretton-Wood, 2005)

Lessons are to be learnt of the FDI entry strategies into ownership of West African countries state-owned industries by transnational corporations without local partnership as officiated by the Bretton Wood institutions. It is of interest to mention that, evaluations of Bretton Wood led TNCs into the West African region for take-over of state-owned companies comes with a mix picture (success could not be declared wholly as measured with FDI potential benefits for

host countries) on post-privatization results in sub Sahara Africa. However it is clear that the a lot of work and structural changes need to be done in the privatization strategies by both the Bretton Wood institutions, governments of FDI seeking countries, transnational corporations, FDI thintanks, commercial and investment banks. Since direct investments by TNCs in a new market takes time in planning, acquisitioning process, legal issues, up to the start-ups and running of firms, the proposed changes to Bretton Woods institutions privatization approach in West African countries would take some appreciable time to occur.

Besides the under performance of state-owned corporations in West African countries and their respective governments intentions to reducing their debt burdens hence the drive for transnational corporations to take-over, other pull factors drive FDIs into the region.

The Lead Economist on African issues at the World Bank in his write on FDIs in Africa also discussed the pull factors as:

“Countries that can offer a large domestic market and/or natural resources have inevitably attracted foreign investors in Africa. South Africa, Nigeria, Ivory Coast, and Angola have been traditionally the main recipients of FDI within the region. (Morisset J. 2000)

The above assessment by Morisset Jacques also does confirm the premise of this thesis as: “A larger population creates a larger market, resulting into wealth for the region”. Although Aykut and Ratha’s thoughts about the push and pull factors for FDI inflows in South-South flows excludes the West African region some of their proposed factors have shown to be applicable in the West African region’s FDI inflows.

Aykut and Ratha (2003) did mention some push and pull factors for FDI inflows as:

“Pull factors include;

- Large and growing markets

- Supply of cheap labour
- Abundance of raw materials
- Incentives in host countries, preferential treatment of foreign companies, and export markets through preferential treatment." (Aykut and Ratha, 2003)

Large and Growing market - With ECOWAS' intention of building a single currency zone by unifying both zones as WAEMU and would be WAMZ, this will create a larger and growing market. Larger market here means a population size of the ECOWAS market being equal or higher than that of the USA, and, growing market refers to the population dynamics with specifics to population growth rate. As earlier stated the ECOWAS market size is 254.4 million (2004 population census) as population of the region and that of the USA is 273 million as current as July 2006 by the CIA website, meaning the market size of ECOWAS is close to that of the worlds biggest economy, hence the ECOWAS region is economically a single large market size worth the attraction of TNCs.

Supply of cheap labour – Data depicts that there are high numbers of unemployed people in most if not all of the countries forming the West African region. On the converse, the high unemployment rate in the West African countries are a potential workforce in an industrialized economy, and at the same time lost of wealth of their respective countries. The high rate of unemployment in the West African region is one of the causes of the high poverty rate in the region, lost of human resources and the under-utilization of human potentials in terms of creativity, these have the potential to fuel social upheavals and an increase in social problems, and a threat to the positive growth of the economies of the countries in the West African region. The high rate of unemployment of most countries in West Africa could also serve as a source of readily availability

of labour (both skilled and unskilled) for TNCs to tap into. A table of the unemployment figures in West African region on country basis is as:

TABLE OF UNEMPLOYMENT, LITERACY AND POVERTY RATES
OF WEST AFRICAN COUNTRIES FOR YEAR 2005

| Country | Population growth rate / % | Rate of Unemployment / % | Unemployed force | Labour force | Population below poverty line / % | Literacy rate / % |
|---------------|----------------------------|--------------------------|------------------|-------------------------|-----------------------------------|-------------------|
| Gambia, The | 2.80 | NA | - | 400,000** | NA | 40.1 |
| Ghana | 2.07 | 20** | 2,124,000 est. | 10,620,000 | 31.4* | 74.8* |
| Guinea | 2.63 | NA | - | 3,000,000** | 40* | 35.9** |
| Nigeria | 2.38 | 2.9 | 1,659,090 | 57,210,000 | 60 | 68* |
| Sierra Leon | 2.30 | NA | - | 1,369,000** | 68*** | 29.6* |
| <i>WAMZ</i> | 2.44 avg. | | | 72,599,000 est. (total) | | |
| | | | | | | |
| Benin | 2.73 | NA | - | 2,000,000** dsourc | 33* | 33.6* |
| Burkina Faso | 3.00 | NA | - | 5,000,000* | 45* | 26.6* |
| Cote d'Ivoire | 2.03 | 13** | 903,500 est. | 6,950,000 | 37** | 50.9* |
| Guinea-Bissau | 2.07 | NA | - | 480,000** | NA | 42.4* |

| | | | | | | |
|---------------|------|-------|----------------|-----------------------------|-------|-------|
| Mali | 2.63 | 14.6* | 573,780* | 3,930,000* | 64* | 46.4* |
| Niger | 2.92 | NA | - | 70,000* | 63** | 17.6 |
| Senegal | 2.34 | 48* | 2,313,600 est. | 4,820,000 | 54* | 40.2* |
| Togo | 2.72 | NA | - | 1,740,000** | 32*** | 60.9* |
| <i>WAEMU</i> | 2.56 | | | 24,990,000 est. (Total) | | |
| Cape Verde | 0.64 | 21* | - | NA | 30* | 76.6* |
| Liberia | 4.91 | 85 | - | | 85 | 57.5* |
| Mauritania | 2.88 | 20 | 157,200est. | 786,000* | 40 | 41.7* |
| | | | | | | |
| ECOWAS | 2.57 | | | 176,189,000 est. (Total) | | |

Figure 37. Core data sourced from CIA-The World Factbook and deductions of labour, literacy and population growth data. Core data as current as July 2006. Keys. * Stands for year range 2000-2004, ** for 1990-1999, *** for 1980-1989, est. stands for Estimate, avg. stands for average, dsources stands for data from www.nationsencyclopedia.com

Inferring from the above data (fig. 37) an estimated total labour force of the West African region stands at 176.19million and this excludes the unemployed of which sufficient data is not available. A labour force of 176.2 million is a large and an existing labour market for any potential TNCs to invest in the region of West African. Another factor that is a latent advantage of the labour market for the West African region is the region's high population growth rate. An estimated average population growth rate of the West African region is 2.57, which is comparative higher than most regions. The downside of the region's labour force is the literacy rate, which is an estimated low average of 46.4 per cent of the total population of the West Africa region. However with member countries as Cape Verde and Ghana whose literacy rate is as high as 76.6 and 74.8 per

cent respectively, it indicates that governments of countries as Niger, Burkina Faso and Sierra Leon with extremely low rates as 17.6, 26.6 and 29.6 respectively, need to implement methods to improve on the art and science of literacy and numeracy amongst their nationals. So, their labour force could be readily available for employment into anticipated TNCs industrial investments in their respective countries. It is become an undeniable fact that the West African region has more than enough supply of labour force and who also attract lower wages, as compared to the emerging economies as eastern Europe and comparable to India. The data below does place the ECOWAS region in a better perspective for TNCs to invest.

TABLE OF UNEMPLOYMENT, LITERACY AND POVERTY OF
SOME INDUSTRIAL COUNTRIES FOR YEAR 2005

| Country | Population growth rate / % | Rate of unemployment / % | Labour force | Population below poverty line / % | Literacy rate / % |
|-------------------------------|----------------------------|--------------------------|--------------|-----------------------------------|-------------------|
| United States of America (US) | 0.91 | 5.1 | 149,300,000 | 12 | 99* |
| Japan | 0.02 | 4.4 | 66,400,000 | NA | 99 |
| United Kingdom (UK) | 0.28 | 4.7 | 30,070,000 | 17 | 99 |
| India | 1.38 | 8.9 | 494,400,000 | 25 | 59.5* |
| China | 0.59 | 20* | 791,400,000 | 10* | 90.9* |
| European Union | 0.15 | 9.4 | 218,500,000 | 17 *(ms) | - |

Figure 38. Sourced from CIA-The World Factbook (October, 2006), ms stands for data outsourced from other source other than CIA, * stands for data between the years 2000 – 2005.

With West African region's population growth rate average of 2.57 per cent, the region has a higher population growth rate than the countries listed above in figure 38, this (population growth rate) is one of the latent advantages for the region's future labour force. In terms of supply of labour force including the unemployed, and wages it is unequivocal that the West African region is well placed behind to China and India for TNCs investments from the advanced economies as US, Japan, EU, Canada and Australia. With reference to level of literacy the West African region is comparative to India that is attracting a lot of outsourcing jobs from the advanced economies, while the former is literally not attracting outsourcing jobs. Specifically some of the countries in the West African region with higher literacy rate than India are; Cape Verde, Ghana, Nigeria, and Togo, therefore the region has a high potential to attract outsourcing jobs especially in areas ranging from accounting services through call centers, to IT (soft wares and hard wares), and manufacturing.

Almost all member countries of the West African region are endowed with abundance of natural resources especially in their raw or unprocessed forms as illustrated in figure 29. Conversely to expectations, the West African region with abundance of raw materials is attracted the least FDIs as compared to other countries competing for FDI inflows. Records show that developing economies in Eastern and Central Europe are the emerging markets that are attracting TNCs investments besides India and China. Although data analyses from figure 37 and 38 indicates that the West African region should be the "Third-Force" destination for TNCs investments, it is so far been a mirage, i.e. China and India are ranked topmost, should have been followed by ECOWAS. An article in the Financial Times magazine of London did project FDI destinations titled 'Steady shift to the east' as:

"In the medium to longer term (five to 15 years), there will be significant increases in investment into western Europe, as the two powerhouses of the Far East, India and China, move into a globalisation phase for their indigenous companies. This will follow the trend set by Korea and Japan in the 1980s and 1990s in their expansion drive to gain market share in Western economies. The countries that will gain the manufacturing units of these companies are likely to be not only the newly-emerged central European markets, but also North African countries, such as Morocco, Egypt, Algeria and Tunisia. However, the establishment of technical support, sales, business support, research and development (R&D) and localisation, and key administrative and HQ functions will continue to focus on the key centres of Western Europe. The UK will be best positioned to be the main recipient for this type of investor." (Lemagnen, P. 2005)

Contrary to this thesis claim of West Africa being the "Third-force destination of FDIs", Lemagnen's projections of TNCs location seeking instead did recognize North Africa to have a share of the manufacturing industries with the emerging Central European countries. Lemagnen's (2005) projection calls for both West African countries and the Bretton-Wood institution to put in a lot more effort to steer the foreseeable FDI inflow trend in favour of West African destinations. Just as the Bretton-Wood institutions are able to pressurize West African countries to privatize their state-owned industries, it is imperative that they should play a leading role in the fundamental re-thinking of TNCs perception of West Africa (and Africa as a whole) as the potentially leading investment destination in the very near future. After the natural resources that poses as one of the advantages that has made Asia as the most preferred investment destination is on the down-turn, the ECOWAS market is the next in line, and not Eastern and Central Europe. The ECOWAS market could be the potentially leading FDIs most attractive destination, has to its credit, high population growth cum the policies to accelerate their (member countries) literacy rates, the

undeniable abundance of untapped natural resources, the readily available large labour force and the large pool of trained but unemployed labour who are competing with the employed for the limited available job places, and the incentives for FDIs. Further, it is worth mentioning that the Africa continent is the second most populated behind Asia, hence the assertion that the West African region should be the potentially leading TNCs investment destination is not far fetched. ECOWAS with all the earlier mentioned advantages could easily pass for the hub of TNCs investment base for the continent. With population dynamics as an advantage for the West African region, this makes the ECOWAS economy a large consumer base and diverse market, with high drive to trade globally.

An analysis of FDI activities in the ECOWAS region on country-by-country bases is as discussed on subsequent pages and projections into the future is to be done (on the assumption that, all other factors are being held constant). FDI inflows are on the increase in Africa as a whole, therefore this gives the West African region some credence as foreign investment friendly destination. Also the general rise in levels of FDI inflows into Africa, again serves as reference for projected growth trends of FDI activities in the West African region. As recent as 16th October 2006's UNCTAD press release on FDI in Africa introduces the trend of FDI inflows in Africa as: "Africa received record high foreign direct investment (FDI) inflows in 2005 of US\$31 billion (figure 1), but this was mostly concentrated in a few countries and industries, says UNCTAD's World Investment Report 2006, FDI from Developing and Transition Economies: Implications for Development [\(1\)](#). A sharp rise in corporate profitability and high commodity prices over the past two years helped produce a growth rate of 78% in FDI inflows to the region. Prospects are good for another increase in 2006 given high project commitments, large numbers of investors eager to gain access to resources, and a generally favourable policy stance for FDI in the region. FDI continued to be a major source of investment for Africa as its share in gross fixed capital formation

increased to 19% in 2005. However, the region's share of global FDI remained low at about 3% in 2005." UNCTAD, 2006

Gambia, The

World Bank and other financial institutions classify The Gambia as one of the Least Developed Countries (LCD) and it is said to have the advantage to attract higher foreign investments. Multi-varying data source of FDI inflows in The Gambia are presented below.

FDI Inflows (in millions of US dollars), 1985 – 2004

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| FDI Inflow Amount (\$) | -0.5 | -2.0 | 1.5 | 1.2 | 14.8 | 14.1 | 8.0 | 12.9 | 11.2 | 8.8 |

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| FDI Inflow Amount (\$) | 15.0 | 18.4 | 20.6 | 23.7 | 49.5 | 43.5 | 35.5 | 42.8 | 25.0 | 60.0 |

Figure 39. Sourced from UNCTAD 2005/2006.

Inflow into The Gambia when quantified does show a steady increase in foreign investment year-in-year-out, particularly from 1994 to 2004. The highest amount of investment in a particular year was \$60 million and observably it was for the year 2004. With 1985 and 1986 being the years of negative returns on investment, amounting to a cumulative deficit of \$2.5 million, meaning for the

year 1985 and 1986 The Gambia privatized their state-owned firms and at the same time she could not attract foreign investments. Figure 39 is the tabular form of FDI inflows and when plotted into a graph (Figure 40) it did depict the ascending order in investments from year 1 to 19 (year 1985 – 2004).

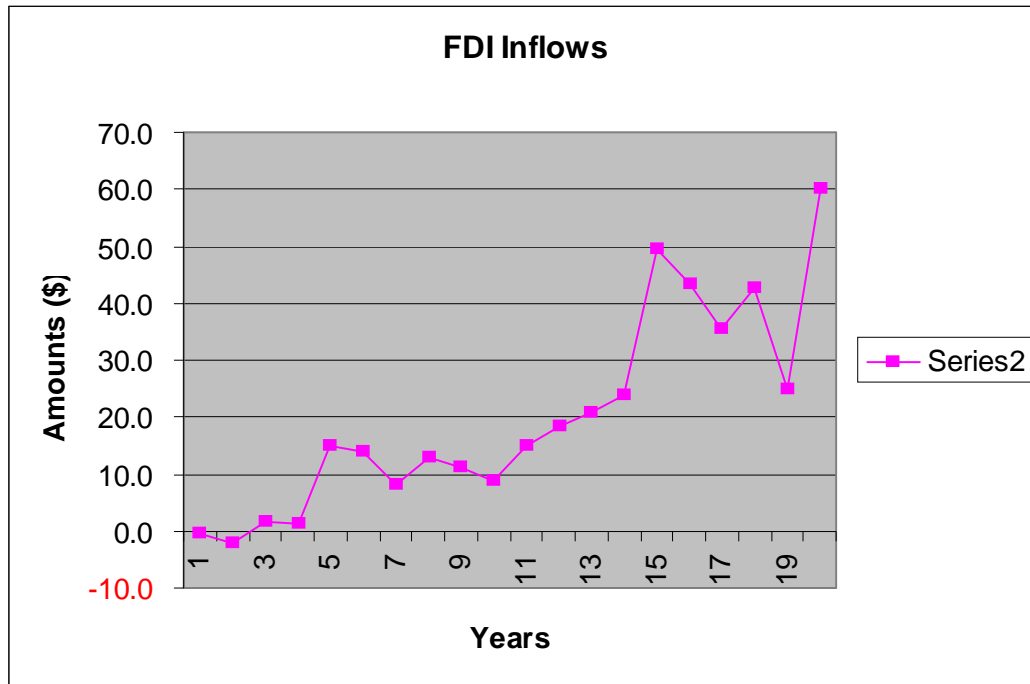


Figure 40. Sourced from UNCTAD.

Reinforcing the observed FDI inflows straight line unto graph in Figure 42, a simplistic straight-line

equation could be deduced for future projections or extrapolative analyses. Trend following

analyses does points that FDI inflow into The Gambia is a steady straight line as: $y=2.5t - 4.8$

The symbols of the straight line are: y for FDI inflows in millions of US dollars, and t for time in

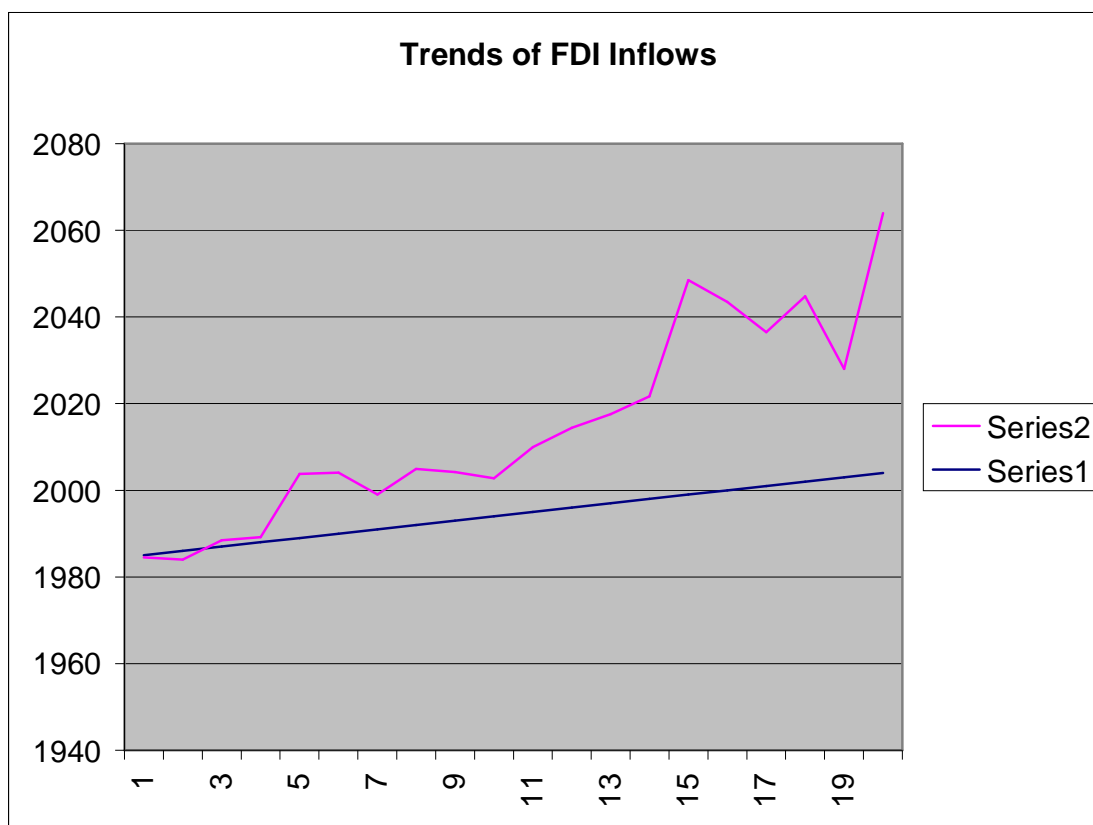
years. In the case of the Gambia, year 1 refers to 1985, year 2 as 1986 and so no and so forth.

Following the FDI trends of The Gambia, the next five years on FDI inflows could be forecasted as:

Forecast of FDI inflow (Million US\$) of The Gambia for years 2005 – 2011 (fig.41)

| Year | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------|------|------|------|------|------|------|------|
| Amount (\$) | 47.7 | 50.2 | 52.7 | 55.2 | 57.5 | 60.2 | 62.7 |

Figure 41. Year 2005 was sourced from UNCTAD



Modest forecast inflows of FDI into The Gambia shows a gentle positive inclination and hence is a booster to the economy. The steady increase in foreign investments of The Gambia also confirms the author's earlier assertion that her economy is prudently managed, though at a very slow pace.

Countries of origins of the FDI inflows into The Gambia and the respective amounts invested in the host economy as reported by IMF is:

Inward FDI: geographical breakdown, by source (Millions of dollars)

| Region / economy | Inflows | Year | Inward stock | Year |
|---------------------|---------|------|--------------|------|
| Belgium / Luxemburg | 0.1 | 1993 | -- | -- |
| China | 0.9 | 1993 | 1.5a | 1995 |
| France | -0.2 | 1997 | -- | -- |
| Sweden | 0.1 | 1988 | -- | -- |
| United States | -1.0 | 1986 | 1.0 | 1985 |

Figure 43. Sourced from UNCTAD. a stands for approval data.

Though Figure 43 shows China as the leading investor and the United States of America (US) the least in The Gambia, a combination of the inward FDI and foreign affiliates will give a better foreign investment picture of The Gambia.

Largest foreign affiliates, 2004 in The Gambia

| Company | Home economy | Industry | Sale (\$million) | Employment | Year of establishment |
|--|----------------|--------------------|---------------------|------------|--------------------------|
| . Wackenhut Gambia, Ltd | United Kingdom | Business services | 369.8 | 987 | -- |
| . K Chellaram and Sons Gambia Ltd. | United Kingdom | Wholesale trade | 39.4 | -- | 1958 |
| . Standard Chartered Bank Gambia | United Kingdom | Commercial banking | 72.3 | 130 | 1894 |
| . Arab Gambian Islamic Bank Ltd. | Saudi Arabia | Commercial banking | -- | 50 | 1996 |

Figure 44. Sourced from UNCTAD.

It is clear that United Kingdom has the largest investor in The Gambia with regards to returns generated and number of employment created instead of China. Further, The Gambia's core sectors that attract foreign investment by TNCs are the services and banking. On the employment front, foreign investments in The Gambia deducing from figures 44 and 37 have created very little employment opportunities. Though the services and banking sectors creates very high employment places, it is baffling that The Gambia has not yet enjoyed that benefit. All the same, it is recommended that The Gambia should work on improving her core sectors as services and banking so she could attract higher investments from other bigger TNCs.

Ghana

Ghana is among some of the few countries in the West African region whose economies are not categorized as Least Developed Country (LCD). This is good for the region, all the same, she has mounted a strong foreign investment drive since the 1980s. Aryeetey et al (2000) did explain Ghana's foreign investment history as:

"Ghana has a long, though modest, history of FDI. The early foreign establishments date back several centuries. In more recent times – the 1970s – FDI was mainly in import-substituted manufacturing. Annual inflows were as high as \$68 million for about two years, but were much less in most years, even slipping to negative numbers (net outflows)... However, it soon picked up, and during the period 1991 – 1995, Ghana was considered a front runner, ranking among the top 10 investment locations in Africa." (Aryeetey et al, 2000)

A look at UNCTAD and locomonitor.com data on foreign direct investment inflows in Ghana, country source and investment sectors are useful for forecasting.

FDI inflows (1991 – 2006) of Ghana

| Year | 1991 | 1999 | 2000 | 2001 | 2002 | 2003* | 2004* | 2005* | 2006* |
|--------------------------|------|------|-------|------|------|---------|-------|---------|-------|
| FDI inflows (\$ million) | 20.0 | 63.0 | 114.9 | 89.3 | N.A | 1,000.0 | 31.0 | 4,330.0 | 300.5 |

Figure 45. Sources: UNCTAD, FDI/TNC database, World Bank, World Development Indicators, 2001, UNDP, Human Development Report, 2001 Economist Intelligence Unit, and years with * were sourced from Loco monitor

FDI inflows into Ghana have been continuous year-in-year-out with a sharp rise in recent years

2000 - 2006. The highest investment was year 2005 with an amount as high as \$4.33 billion.

Though the least investment inflow is not indicated above (fig. 45) it was recorded in the year 1976 with negative returns (as net outflow). A further look at the FDI inflows of Ghana does depict an

inconsistent nature year-in-year-out, meaning the inflows are high this year then low the next. In other words the FDI inflow into Ghana is of a sinusoidal nature.

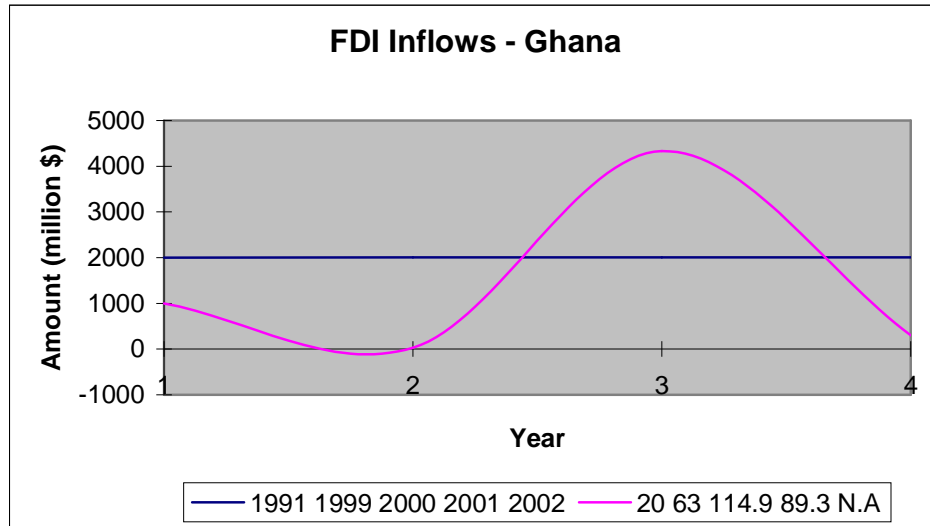


Figure 46. Sources: 1991 – 2002 UNCTAD and 2003 – 2006 Loco monitor

Ghana’s FDI inflows from years 1991 to 2002 was almost flat as compared to years 2003 to 2006 when FDI inflows multiplied extremely higher. Though 1991 to 2002 is said to be flat a second look at the FDI inflow amounts depicts a sinusoidal pattern, as the periods from 2003 to 2006. This implies Ghana’s FDI inflows are a periodic issue, and hence it is quite difficult to prediction, but not impossible. Modest predictions on Ghana’s FDI inflows could be inferred from a straight-line analysis, and that of the sinusoidal FDI inflows could be categorized as an over-optimistic prediction. Reinforcing a straight-line on to the sinusoidal curve it paves way for figure 47 to serve as a predictive tool. A straight-line equation is derived from figure 47 as $y = 650t + 1500$ and it was employed to predict the modest five years of FDI inflows into Ghana as a table of figure 48.

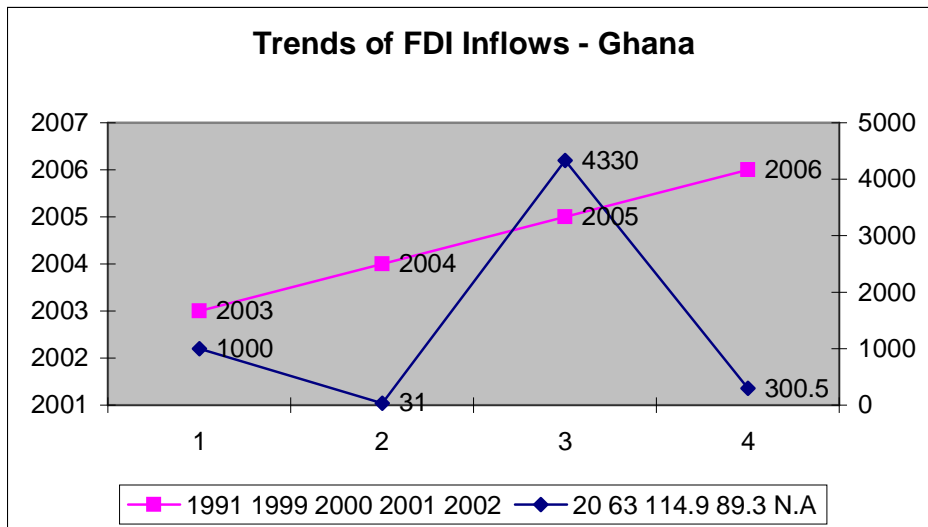


Figure 47 Sourced from UNCTAD and Loco monitor

The equation $y = 650t + 1500$ being the predictive tool for FDI inflows into Ghana bears symbols as: y meaning FDI inflow capital investments in million US dollars, and t for time with year 2003 being base year as year 1.

Prediction (1) - FDI Inflow of Ghana

| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|------------------------|---------|------|--------|-------|----------|----------|----------|----------|--------|
| FDI Inflow (\$million) | 1,000.0 | 31.0 | 4330.0 | 300.5 | 4,750.0* | 5,400.0* | 6,050.0* | 6,700.0* | 7,350* |

Figure 48. FDI inflow predictions based on a straight line equation as $y = 650t + 1500$. * stands for predicted capital inflows.

Another predictive view of Ghana's FDI inflows could be assessed from inflow peaks and the periodicity. This prediction is based on an assumption that FDI/TNCs will increase their stake in the Ghanaian economy for at least a period of five years from 2006. The predictive equation is $Y = 4.33R_{i-2}$ for a period of two year incremental peaks only. The symbols employed in this particular formula is explained as Y being FDI inflow capital investment in million US dollars, i

refers to time in terms of years with 2003 as the base year, and R for FDI inflow amounts in millions of US dollars.

Over Optimistic Prediction (2) – FDI Inflows of Ghana

| Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2009 | 2011 |
|-------------------------|---------|------|---------|-------|-----------|-----------|------------|
| FDI inflows (\$million) | 1,000.0 | 31.0 | 4,330.0 | 300.5 | 18,749.0* | 81,183.0* | 351,521.0* |

Figure 49. FDI inflow predictions based on the equation $Y = 4.33R_{i-2}$ * stands for predicted inflows.

FDI inflows into Ghana as prediction 2 is the geometric progression version of FDI capital investments in Ghana as observed from an upward wave trend, also it is appropriate to state that this prediction (2) is an over optimistic prediction. Ghana could achieve a continuous FDI/TNCs investment with a lot more work on her economy with a massive support from Bretton-Wood Institutions. It is a known fact that FDI/TNCs investments are not perpetual in any one geographical area, so are the natural resources of the host countries. Therefore, West African countries seeking foreign investments must work harder to attract TNCs into the region for their medium to long-term growth objectives, before the TNCs seek emerging markets that are technological advanced in the production of substitutes to the natural resources of West African countries. Global investment evolution does shows that from time-to-time, they (TNCs) migrate from country-to-country and from continent-to-continent. TNCs search for emerging markets to invest in and expect comparatively higher returns has resulted into notable market entry business hybridization forms, which is mergers and acquisition of local industries of host countries. There is a glowing trend of TNCs mergers and acquisitions occurring in the global business place, hence reducing the number of TNCs, but the exciting part of the hybridized TNCs (grown out of acquisitions or mergers) is that they are financial stronger than most of the LDCs and developing economies in particular West African countries. Specifically, a good number of individual TNCs

annually declared profits are higher than the GDP of some developing economies. Therefore, attracting TNCs into the West African region is an anticipated economic booster to both the individual countries and the TNCs alike.

Ghana has been attracting TNCs and is still working hand-in-hand with IMF and World Bank to attract more FDIs. This was observed in previous FDI inflows data in figure 45, further in analyzing Loco Monitor reports on foreign direct investments in Ghana does detail the individual TNCs, their interest sectors, and respective capital investments in the Ghanaian economy. The selected Loco Monitor data below would be useful in identifying the core FDI/TNCs sector for further directions.

FDI Projects in Ghana since 2002

| Country | Projects |
|---------------------------------|-----------------|
| Alcoa World Alumina & Chemicals | 3 |
| Newmont Mining | 3 |
| Red Back Mining | 3 |
| Golden Star Resources | 2 |
| Guinness Ghana | 2 |

Figure 50. Sourced from www.locomonitor.com 2006

FDI Business Type

| FDI Key Business Function | Projects |
|----------------------------------|-----------------|
| Extraction | 15 |
| Manufacturing | 12 |
| Business Services | 6 |
| Logistics and Distribution | 4 |
| Sales, Marketing and Support | 3 |
| Shared Services Center | 1 |
| Training | 1 |
| Electricity | 1 |

Figure 51 Sourced from Loco monitor

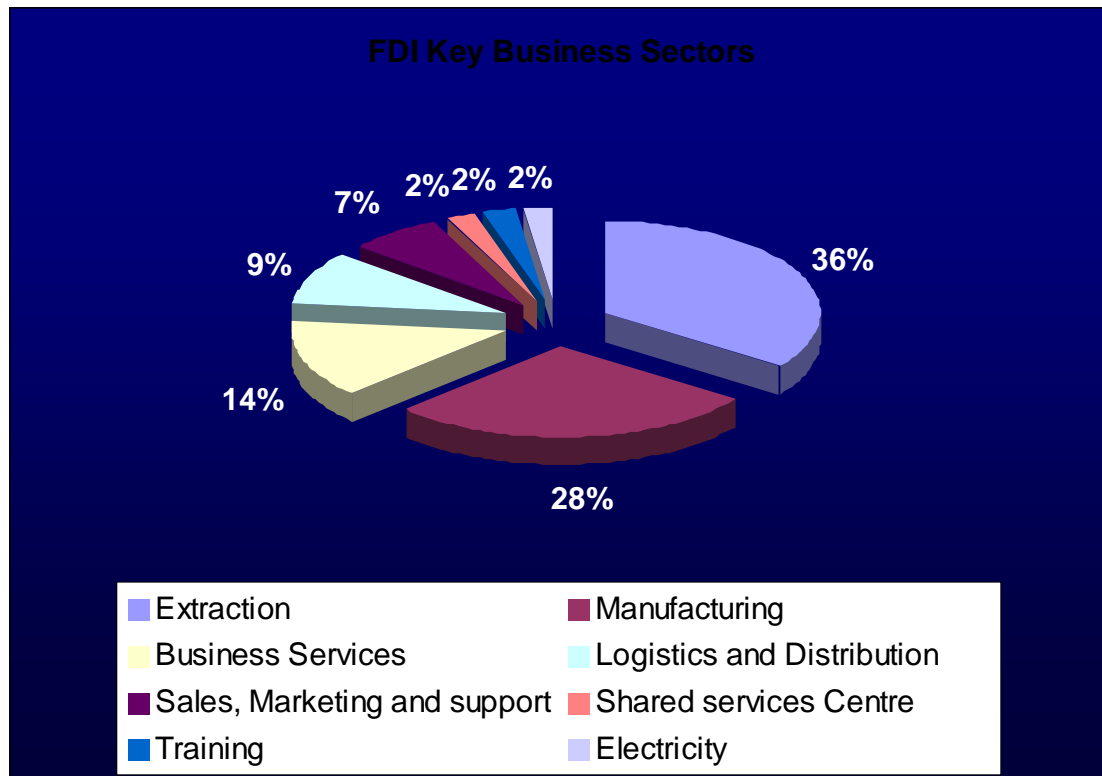


Figure 52 Sourced from Loco monitor. Pie chart of FDI key sectors in Ghana.

Mineral extraction is top-most on the Ghanaian FDI inflow chart in figures 50, 51 and 52 and it thus reflect in the government accounts, that mining is the highest foreign exchange earner. Besides the huge revenue earned from gold mining by multinational corporations as Newmont and Ashanti Goldfields that are carrying out surface mining, and diamond mining by Ghana Consolidated Diamond Limited, this sector is as usual not unlimited. The Gold Coast now Ghana is known to be rich in gold and with recent conducive investment climate and the friendly FDI mining laws, multinational mining corporations are taking advantage of the mining tax exemption period to maximize extraction of products (gold and diamonds) and at the least cost. Apart from the limited nature of minerals that are extracted in Ghana, the effect of the method of mining being employed

by most of the mining firms being surface mining does have grave consequences on the environment, socially and in the long run the economy. This calls for an exhaustive look at Loco Monitor's FDI report in order to pin point the latent core investment sector.

The aggregate services sector investment in Ghana by multinational corporations from the year 2002 as reported by Loco Monitor is of the same number of projects as the extraction sector. The aggregate service sectors ventured by multinational corporations in Ghana comprise of; business services, logistics and distribution, sales, marketing and support, shared services center and training. Unlike the limited nature of the minerals being extracted by multinational mining firms in Ghana, the services sector has readily available human labour as the main resource that is renewable in terms of birth and training. It is worth recalling the population growth and literacy rates of Ghana being 2.07 per cent and 74.8 per cent respectively, these two factors are a sufficient condition for the services sector in Ghana to be grown faster and bigger by FDI/TNCs, instead of the concentration on the depleting minerals of the extraction sector. Loco Monitor did present a further breakdown of the FDI/TNCs of investments in the services sector of Ghana as:

Breakdown of Service Sector Investments by FDI in Ghana

| Industrial cluster | Projects |
|-------------------------------|-----------------|
| Business & Financial Services | 8 |
| Food / Beverages / Tobacco | 6 |
| Logistics & Distribution | 3 |
| ICT | 1 |
| Life Science | 1 |
| Electronics | 1 |

Figure 53 Sourced from Loco monitor

All the respective divisions of the services sector that foreign investors have ventured in Ghana are both capital intensive and yield big time returns, technologically advancing with new inventions divisions, and engages large numbers of human labour. With the financial services, Ghana could train labour in investment banking which employs large numbers of people and earns huge returns as compared to the existing high-street banks or retail banking, so she could access outsourced financial jobs from the West especially US corporate banks and other financial institutions, including accounting, auditing and global financial trading institutions that use ICT both as a medium and a tool. Ghana could be used as logistics and distribution outsourcing country, provided she builds and advance in ICT. Multinational retail chains rely heavily on supply chain mechanism, so Ghana could place herself strategically in the West African region with her ICT division to fulfill these retail chains program at a comparatively lower cost. Of recent in the West, most sectors spanning from health through travel and leisure to manufacturing are being outsourced with the aid of ICT, hence Ghana could improve her ICT sector so she could gain immensely from the growing phenomenon being outsourcing. So far, another division that has not being fully explored by foreign investors in Ghana besides ICT is that of the electronics sector. Both ICT and electronics are a fast inventive division that is driven by technological innovations leading to products competing for the same market. Primarily, the author recommends that Ghana in seeking FDI/TNCs priority be placed on investments in the services sector especially in the area of technology. In other words, focus must be shifted from extraction sector and re-directed into the services sector, so FDI/TNCs could make a diversified entry into the Ghanaian economy.

A link between capital investments of FDI/TNCs and their country of origin or home economy operating in Ghana, does aid in dictating trading and other cooperative international policies. Loco Monitor presents the top five multinationals in terms of the number of FDI projects in Ghana and their home economy as:

Home Economy of Top Five FDI / TNCs in Ghana, (Since 2002)

| Source of Country | Projects |
|--------------------------|-----------------|
| USA | 19 |
| Canada | 5 |
| Australia | 3 |
| UK | 3 |
| Nigeria | 3 |

Figure 54 Sourced from Loco monitor

Again the USA is top of the investment drive in Ghana just as trading with her under AGOA initiatives generated positive returns for the West African region. Nigeria is the only neighboring country that has substantially investments in Ghana among the top five FDI/TNCs, the rest are all Western originated. Just as the earlier trade analyses, ECOWAS-China trade did run the ECOWAS region into deficit, so the above data of figure 54 confirms China has few projects in Ghana. The assertion by some authorities that ECOWAS-China trade deficit is been compensated for with FDIs is questionable if not doubtful.

Guinea

Guinea is classified as an LDC by Bretton-Wood institutions, hence the quest for FDI/TNCs is very high on her governmental development agenda. Foreign investments in Guinea has being on the steady increase with peak FDI inflows as \$100 million in year 2004, and inter-spaced with periods of no new entrants of TNCs as in 1985, 1994 to 1995 and 2001. A study of IMF data on Guinea's FDI inflows, FDI geographical breakdown and home economies of TNCs

investments in Guinea will help in understanding investment trends in Guinea for forecasting purposes.

FDI Inflows (Millions of Dollar), 1986 – 2004 of Guinea

| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|
| FDI inflow Amounts (\$) | 1.1 | 8.4 | 12.9 | 15.7 | 12.3 | 17.9 | 38.8 | 19.7 | 2.7 | 0.2 |

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------|------|------|------|------|------|------|------|------|------|-------|
| FDI inflow Amounts (\$) | 0.8 | 23.8 | 17.3 | 17.8 | 63.5 | 9.9 | 1.7 | 30.0 | 79.0 | 100.0 |

Figure 55. Sourced from UNCTAD.

Recent foreign investments in Guinea show a clear ascendance from year 2001 to 2004 as per IMF data. The graphical form of Guinea's FDI inflows is illustrated on the next page as fig. 56, it depicts a trend in a straight-line form. Generally, the FDI/TNCs entry into Guinean economy could be assessed from a straight-line equation as $y = 4.7t - 0.2$ for predictions. 1985 is the base year for this equation to hold, and t stands for time with respect to year.

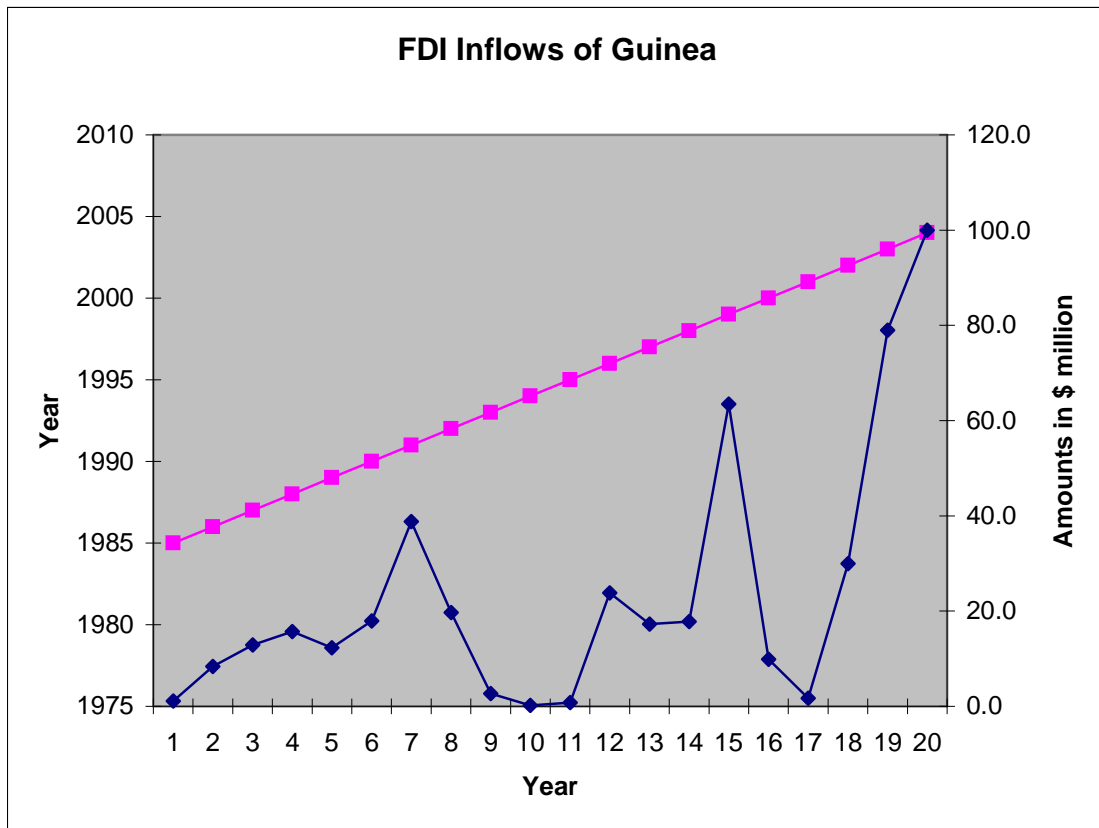


Figure 56. Graph of FDI inflow with raw data sourced from UNCTAD.

Using the straight-line equation derived from the graph of fig. 56 being the FDI inflows into Guinea, projections into the next five years from year 2006.

Projected FDI inflows (\$ Million) into Guinea

| Year | 2005* | 2006* | 2007* | 2008* | 2009* | 2010* | 2011* |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|
| FDI Inflow, Amount (\$ Million) | 98.5 | 103.2 | 107.9 | 112.6 | 117.3 | 122.0 | 126.7 |

Figure 57 A projection based on equation $y = 4.7t - 0.2$

The projected FDI inflows into Guinea as in Figure 57 are modest increases in capital investments by TNCs entry. Both the geographical breakdown of FDI/TNCs and a summary of the largest

foreign affiliates in Guinea will aid in identifying her core sector of FDI/TNCs interest and countries or economies investing in Guinea.

Inward FDI: Geographical breakdown, by source
(Millions of Dollars)

| Region / Economy | Inflows | Year | Inward Stock | Year |
|----------------------|------------------|------|--------------|------|
| Belgium / Luxembourg | - 0.2 | 1998 | -- | -- |
| Canada | -- | -- | 47.1 | 2001 |
| Czech Republic | -- | -- | 2.6 | 1998 |
| France | 2.1 | 1999 | -- | -- |
| Japan | 3.6 ^a | 1993 | -- | -- |
| Malaysia | 0.5 | 1998 | 2.1 | 2002 |
| United States | - 21.0 | 1996 | 93.0 | 2003 |

Figure 58. Sourced from UNCTAD. ^a stands for approval/notified data

It is again clear that the United States and Europe and the leading economies that have major investments in Guinea, with only Malaysia from Asia that has a comparative high investment in Guinea. Guinea's foreign affiliates did employ 6,900 for the year 2004 as reported by IMF. The IMF recorded appreciable level of employment generated (6,900 hired labour) by the fourteen foreign (14) firms operating in Guinea as foreign affiliates for year 2004, is one of the benefits gained by host countries in permitting FDI/TNCs to operate in their economies. A further breakdown of FDI/TNCs indicating the number of projects and home economies of the TNCs as presented by Loco Monitor on the web as:

Top Multinational Companies In Guinea, since 2002

| Company | Projects |
|----------------------|-----------------|
| Russian Aluminium | 3 |
| Searchgold Resources | 1 |
| Mitsubishi | 1 |
| Ona Group | 1 |
| African Diamonds | 1 |

Figure 59 Sourced from Loco monitor

Guinea's core sector for FDI/TNCs investment is derived from key business functions as reported by Loco Monitor website in the table below as:

FDI Key Business Function in Guinea, since 2002

| FDI Key Business Function | Projects |
|----------------------------------|-----------------|
| Extraction | 8 |
| Manufacturing | 3 |
| Business Services | 1 |
| Construction | 1 |
| Sales, Marketing and Support | 1 |

Figure 60. Sourced from Loco monitor

Guinea's core sectors of FDI/TNCs interest is her mineral extraction (mineral mining, specifically Gold, Diamond, Aluminium), followed by manufacturing, services and construction, apparently mining is Guinea's priority sector. Guinea's core FDI/TNCs sector is similar to that of Ghana's, but has a growing construction sector that is quite unique. The construction sector being unique could be the niche development sector for Guinea to concentrate on, formulate policies to attract more foreign investors and encourage existing multinationals in this sector to increase their capital base.

Nigeria

Nigeria being an oil producing country and a member of OPEC places her in the class of strategically FDI/TNCs attractive countries. OPEC members, of whom Nigeria is a member, easily attract multinationals that deal in petroleum exploration and the petrol-chemical industries. Also, it is an undeniable fact that the petroleum industry is a capital intensive and extensive investment sector with huge returns. Hence in the current times when the whole world depends heavily if not solely on petroleum to energize and fuel industries and transportation systems respectively, any significant price changes in the oil, does affect the world economy and in particular the inflation rates of non-oil producing countries. As global events stands currently with the on-going golf war (the Allied forces waging war on Iraq a major oil producer, temporarily halting production) and China's demand for large volumes of oil to run her industries, so oil producing countries as Nigeria stands at the advantageous end in terms of the high price of oil and returns.

Besides oil, Nigeria is naturally endowed with vast range of natural resources as mention in earlier discussions, this is among the cumulative reasons that places her in the league of major FDI/TNCs investment destinations in Africa, cum her formulated FDI/TNCs friendly policies.

Nigeria Business Info. Magazine online does portray the Nigerian investment climate as:

"With a more relaxed taxing system, incentives and the creation of Nigerian Investment Promotion Commission (NIPC), the country was set to lure private sector finance. As a first step the Government took a bold move to privatise all the ailing public enterprises, Decree No. 25 of July 1996 backs this scheme" (2002).

Loco Monitor reports on FDI inflows into Nigeria does lead to FDI/TNCs predictions for the next five years, observing trends in core sectors for foreign investment, and leading TNCs home economies for possible policy directions.

FDI Capital Inflows into Nigeria

| Year | FDI Projects | Capital Investments |
|------|--------------|---------------------|
| 2006 | 19 | \$7.42 Billion |
| 2005 | 38 | \$9.92 Billion |
| 2004 | 19 | \$1.81 Billion |
| 2003 | 27 | \$2.23 Billion |

Figure 61. Sourced from Loco monitor

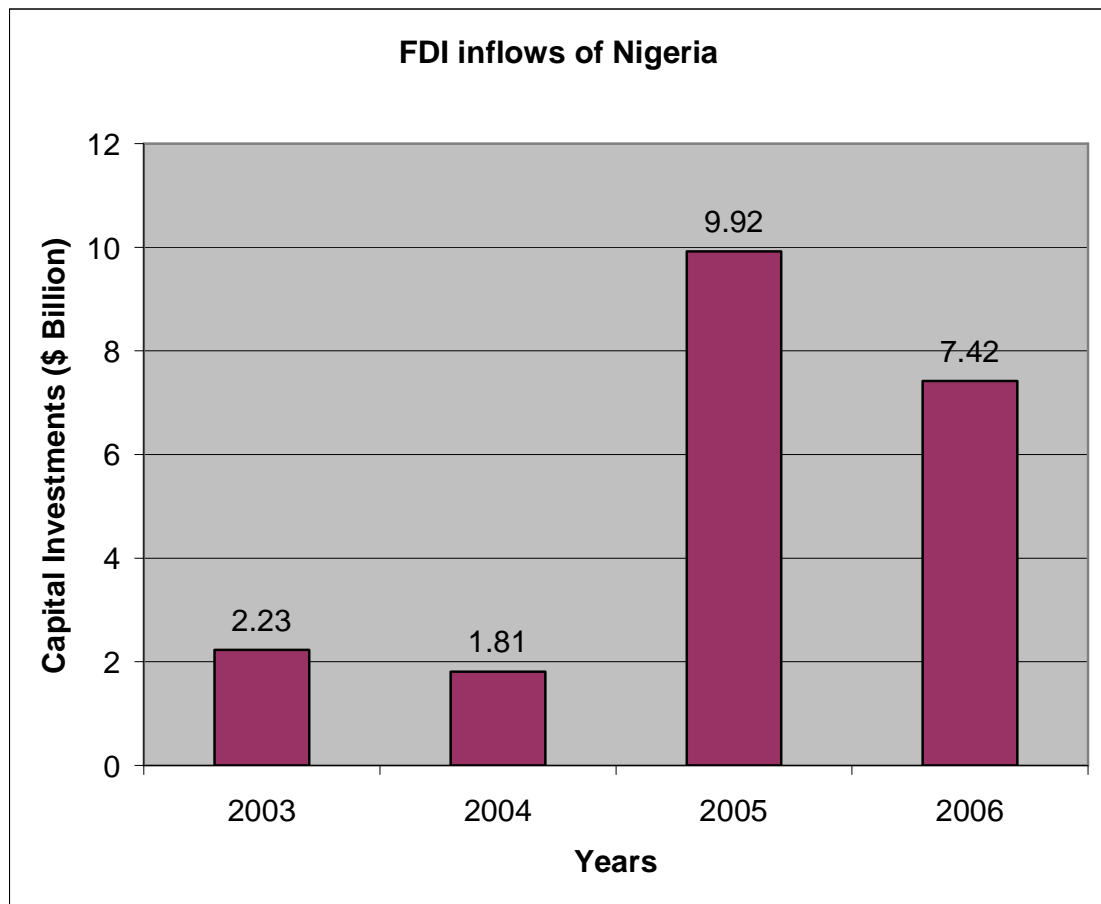


Figure 62. Source from Loco monitor

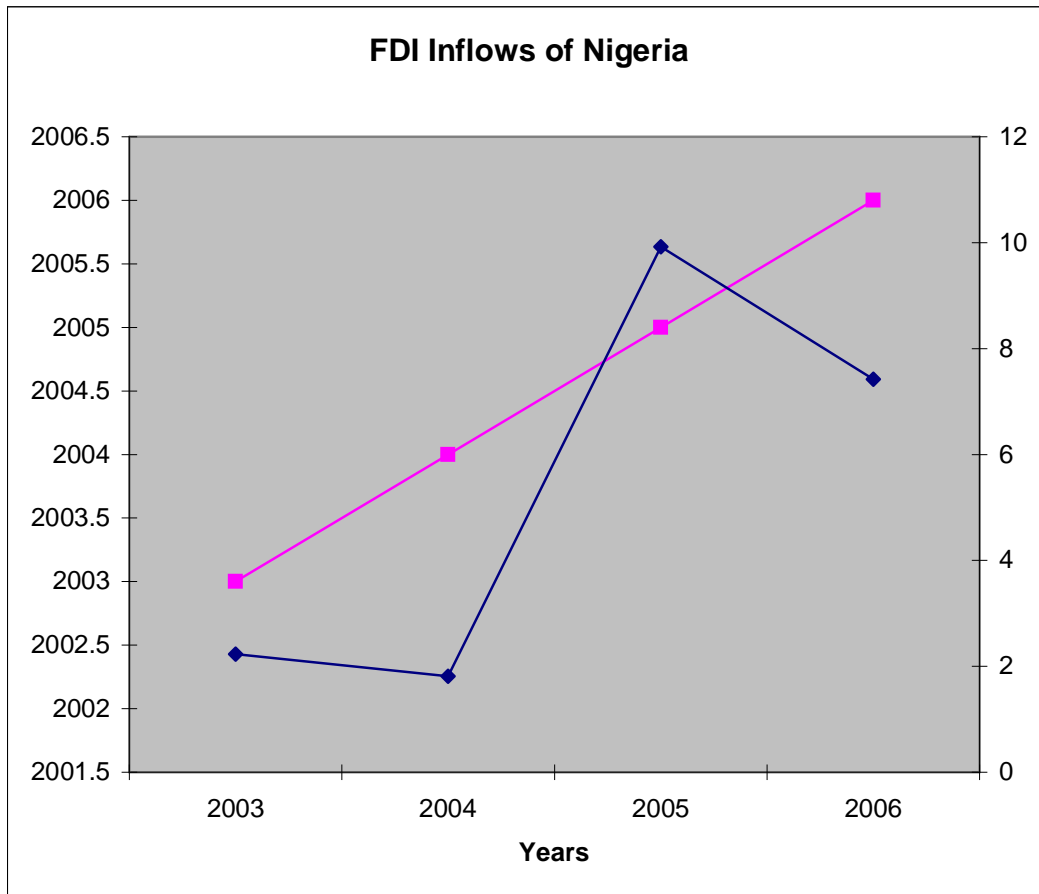


Figure 63. Sourced from Loco monitor. Line graph of FDI inflows into Nigeria

It is evidential that FDI inflows into Nigeria is more capital involving than her neighbours, and on the ascendance. This substantiates the author's view that Nigeria being an oil producing country would attract more foreign investments with little drive as compared to most of her neighbours as Ghana a non-oil producing country. Therefore, should the Eco come into being, the Ecozone will as a whole become more attractive for FDI/TNCs investments, and the gains from FDI/TNCs are most likely to be spread throughout the zone. The Ecozone being more attractive to FDI/TNCs refers to a larger market size as compared to individual small markets as The Gambia, Ghana, Sierra Leon, and Guinea. Spread of gains from FDI/TNCs within Ecozone implies with the elimination of

transactional cost would make it comparatively easier for multinationals to locate in any member country in the Ecozone and produce for intra-regional distribution and exports into other economies. A projection of FDI inflows into Nigeria could follow the straight-line equation as: $y = 1.7t + 2.0$ where t is for year with year 2003 as the reference point and equals to 1, and y is for the FDI capital investment in billion US dollars (\$).

Predictive FDI inflows into Nigeria

| Year | 2006 | 2007* | 2008* | 2009* | 2010* | 2011* |
|---------------------------------|------|-------|-------|-------|-------|-------|
| Capital Investment (\$ Billion) | 7.42 | 10.5 | 12.2 | 13.9 | 15.6 | 17.3 |

Figure 64. Projection from equation $y = 1.7t + 2.0$. * stands for predicted year and its corresponding amount.

The predicted capital investment in Nigeria per FDI/TNCs is a modest increase year-in-year-out and in a near realistic inflow for the next five years. However, for Nigeria to reap a geometric capital inflow year-in-year-out in FDI/TNCs investments, she has to foremost formulated policies that will attract both her citizens living abroad and those living internally to forge partnerships with foreign firms to invest in Nigeria. Secondly, the Nigerian authorities will have to remain in partnership with Bretton-Wood institutions so both parties work out a domestic led-approach to foreign investments in Nigeria.

A distribution of FDI industries in Nigeria and the lead TNCs home economies will aid in determining core sectors for FDI/TNCs and citizens to invest in.

Top Multinational Companies in Nigeria, 2002

| Company | Projects |
|--------------------|-----------------|
| Chevron Nigeria | 3 |
| Coca-cola | 3 |
| Frigoglass | 3 |
| Royal Dutch Shell | 3 |
| ONGC Mittel Energy | 2 |

Figure 65. Sourced from Loco monitor

Of the Top five foreign giants firms that invested in Nigeria in 2002, Frigoglass and Coca-cola are the non- petroleum industrial firms of the top multinationals operating in Nigeria. Chevron and Royal Dutch Shell are giant oil firms with declared annual profits that are higher than GDP (ppp) of most developing countries including that of Nigeria. Also, these giant oil firms have explorations in most oil fields globally, hence they are among the multinationals spreading the concept of globalisation. Coca-cola is another giant firm whose products are consumed across every boarder globally, therefore the firm has immense resource. So it is not surprising the global business determiners have investments in Nigeria, a rich oil producing country. The home economies of the leading multinationals in Nigeria are as in the table below.

Home Economies of Top Multinationals in Nigeria

| Source Country | Projects |
|-----------------------|-----------------|
| USA | 26 |
| UK | 14 |
| India | 9 |
| Italy | 6 |
| France | 6 |

Figure 66. Sourced from Loco monitor

As USA is the major export partner of Nigeria, so it is complementary and trade-prudent that the top-most foreign multinationals investing in Nigeria originate from the United States of America. European Union comprising of United Kingdom and France, is the next regional block that has a major foreign investment in Nigeria, as a complementary trade relations. Nigeria-China trade relationship is a noted single directional in favour of China, unfortunately China has not built a complementary investment relationship with Nigeria.

It is obvious that oil exploration and allied industries such as petrol-chemical industries are the core sectors for FDI/TNCs in Nigeria, however, Nigeria could diversify her FDI sector. In as much as Nigeria has placed high emphasis on oil exploration, so could she diversify her priority by making an entry into the services sector to be led by retail. Nigeria could take advantage of her own large population and that of the Ecozone's to develop and expand in retailing internally first, then further extend into the rest of the region. FDI key business function in Nigeria as detailed by Loco Monitor shows the various sectors of which the thought about retailing was derived as Figure 67. Business services, sales, marketing and support, retail, logistics and distribution, maintenance, research, ICT and training are the various forms of services that was ventured by multinationals in Nigeria. Retail is the only services sector that was not ventured in by TNCs in any of the Ecozone member countries apart from Nigeria. This makes retailing a unique services sector that is thriving in Nigeria. Hence, retailing could be the alternative core sector that Nigerian authorities should present to FDI/TNCs for immense and extensive investment. Intensive capital investment in retailing is needed since Nigeria has a large population on her side, and extensive because the Nigeria has a sparse population distribution. Further, the proposed retail Nigeria could be packaged as the retail hub of the ECOWAS region for retail giants of the likes of Wal-Mart, Tesco and Marks & Spencer to penetrate a potentially huge market that is almost the size of US. Retail chains have a

latten advantage of easily diversifying into other sectors as supply chain, internet marketing, banking and insurance, of which Nigeria must seize the opportunity as a pioneer in the West African region, so she could reap the benefits of foreign retail investments. The table below is the distribution of FDI key business functions in Nigeria. Manufacturing and extraction are top-most of foreign investments in Nigeria.

FDI Key Business Projects in Nigeria

| Business Function | Projects |
|--------------------------------|-----------------|
| Manufacturing | 50 |
| Extraction | 18 |
| Business Services | 17 |
| Sales, Marketing and Support | 9 |
| Retail | 5 |
| Logistics and Distribution | 5 |
| Maintenance / Services | 4 |
| Construction | 3 |
| Electricity | 3 |
| Research and Development | 3 |
| Internet or ICT Infrastructure | 2 |
| Training | 1 |

Figure 67. Sourced from Loco monitor

Manufacturing being Nigeria’s most attractive sector for foreign investments, with the introduction of the Eco, she could be the driving force of the West African region’s industrialization program. A look at foreign investments in Sierra Leon an Eco member country (on pages 200 and 2001) in conjunction with the earlier discussed neighbouring countries will give a sense of direction for FDI/TNCs in terms of business function and site-countries for the ECOWAS region.

Sierra Leone

Sierra Leone is categorized as one of the LCD (Least Developing Country), implying she is undoubtedly a poor country. Being categorized as an LCD, it places Sierra Leone high on the Bretton-Wood institutions list of seeking more foreign direct investments into her economy, with the agenda of getting her out of poverty. Though the concept of privatization of state owned firms of Sierra Leone as pushed by Bretton-Wood institutions, with the planned resultant effects as:

- to ease the government and people of their huge debts,
- to lift her economy out of poverty,
- and make the firms competitive and more productive.

Privatizing corporate Sierra Leone in practice did flag-up some reservations and serious lapses from some section of the Sierra Leonean public. The chosen sectors for privatization have being questioned by some section of the Sierra Leone public, as some charitable organizations and non-governmental organizations alike. Notably among the turbulent sector for privatization is the Sierra Leone water industry. A World Development Movement press report dated 20th October 2005 did mention the withdrawal of the UK based firm that was expected to run Sierra Leone's water privatization as:

"Despite this u-turn DFID's enthusiasm for supporting water privatisation in Sierra Leone remains undimmed. They are continuing to fund a major programme of pro-privatisation advice to the Government. "Water privatisation has proved highly controversial across Africa as case after case has shown that it fails to deliver clean water to poor communities. It is the policy that needs changing not just the packaging." (Timms, D, 2006)

The above-mentioned turbulent situation of water privatization has painted a general view of foreign investments in Sierra Leone as being unclear in terms of success or otherwise. All the same,

Bretton-Wood institutions and researchers of TNCs are still pressuring the governments of West African countries to permit entry of TNCs to take ownership of almost all sectors of their economies.

Data from UNCTAD about FDI inflows into Sierra Leone is as follows:

FDI inflows (Millions \$) of Sierra Leone

| | | | | | | | | | | |
|----------------------------|------|------|------|------|------|------|------|-------|-------|-------|
| Year | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
| Amount (\$ million) | - | - | 39.4 | - | 22.4 | 32.4 | 7.5 | - 5.6 | - 7.5 | - 2.9 |
| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| Amount (\$ million) | 7.3 | 0.7 | 1.8 | 0.1 | 0.5 | 38.9 | 9.8 | 1.6 | 3.1 | 4.9 |

Figure 68. Sourced from IMF, 2006

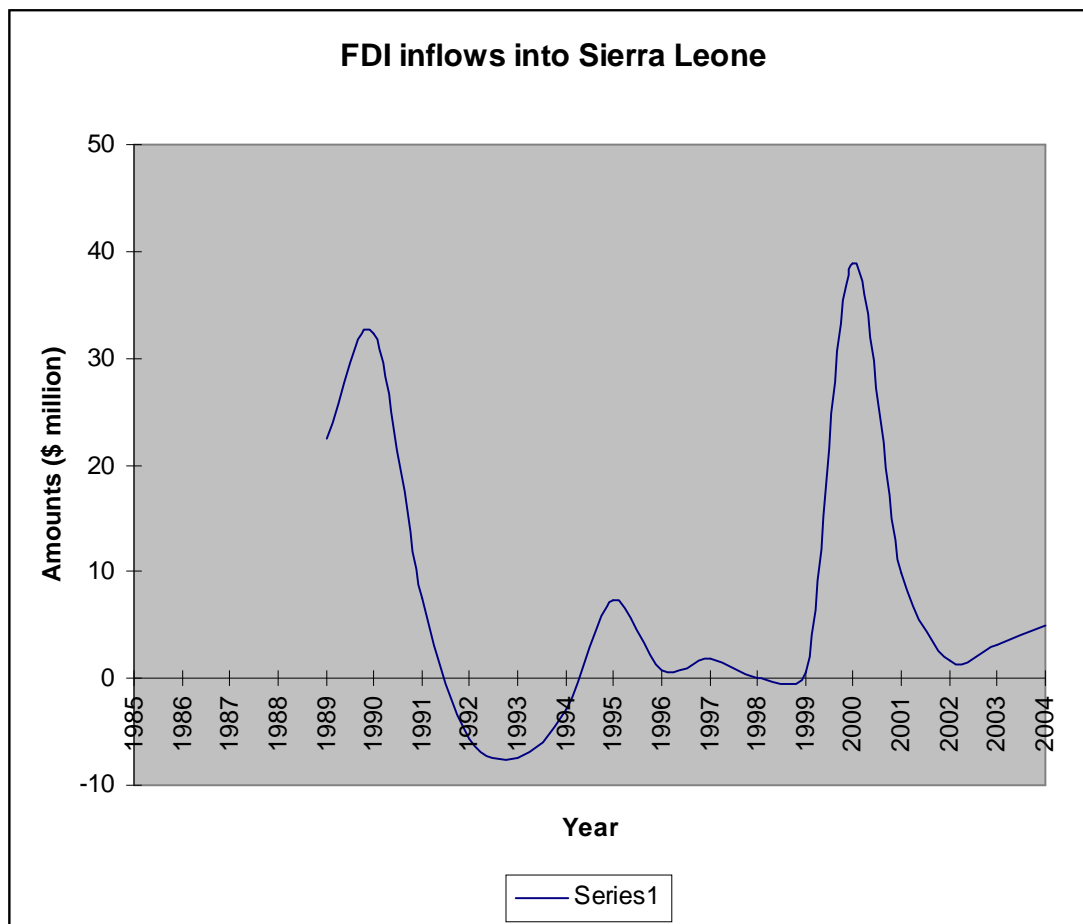


Figure 69. Sourced from UNCTAD, 2006. Smooth line graph of FDI inflows into Sierra Leone

Inferring from figures 68 and 69 it is clear that foreign investments in Sierra Leone is on the low level in terms of capital intensity and number of projects. The highest amount of capital inflow into Sierra Leone by TNCs in recent times was in year 2000 and amounting to \$38.9 million. Also, the last five years (2000 to 2004) of FDI inflows into Sierra Leon has being on the sharp decline, as indicated by graph in figure 69. Sierra Leone is the only “in country” whose FDI inflows is not just on the low but also experiencing a sharp decline in foreign investments. With a low level of entry of FDI/TNCs activities in Sierra Leone, if the people and government do not grow local investors of the magnitude of medium-to-large scale industrialist, she would invariable experience an adverse

effect on her foreign currency reserves, rate of employment, industrial growth and efficiency in production, GDP growth and worse of all the spread and further dipping of poverty.

The author recommends that the government of Sierra Leone should grow local industrialist, and keep the rolling-back of the state concept high on her agenda. Then again, it is recommended that Bretton-Wood institutions should team up with local authorities to develop an indigenous led privatization program in Sierra Leone and for that matter all other countries in Africa.

A look at the large foreign firms operating in Sierra Leone it would serve as the bases for detecting the core sector for FDI entry and the interest sectors of TNCs investments. It could be noted from the IMF data (Figure 70) on the largest foreign interests operating in Sierra Leone points to mining of nonmetallic minerals (excluding oil) as the TNCs core investment sector.

Largest cross-border M&A deals, 1987-2004 in Sierra Leone

| Acquired company | Industry | Acquiring company | Home economy | Value (\$ Million) | Year |
|---|---------------------------------------|--------------------------------|---------------|-----------------------|------|
| . Sierra Rutile Ltd. ^a | Kaolin and ball clay | Consolidated Rutile (Cudgen R) | Australia | 34.0 | 1993 |
| . Sierra Rutile Ltd. ^b | Kaolin and ball clay | Titanium & MIL Inv SARL | United States | 13.3 | 2001 |
| . Sierra Leone Diamond Ltd. | Miscellaneous Nonmetallic minerals | Timis Diamond Corp Ltd | Canada | 1.9 | 2004 |
| . Bennimix Food Co (Sierra Leone) ^c | Food and kindred products | Marz Chemicals | Lebanon | 0.1 | 1996 |
| . Sierra Rutile Ltd. ^b | Mining | Renison Gold Corp. | Australia | -- | 1996 |
| . Amcan Diamond Mining Co. | Miscellaneous nonmetallic | All uotes Inc | United States | -- | 1993 |

Figure 70. Sourced from IMF, 2006 Keys: a stands for the ultimate parent company is Nord Resources Corp based in US
b stands for the ultimate parent company is Renison Gold Corp based in Australia
c stands for Privatization

Sierra Leone unlike other “in country” members does not have a significant growing manufacturing nor services sector that attracts FDI entry. Despite the low level of the manufacturing and services sector of Sierra Leone she would benefit from being a member of the proposed Ecozone should it materialize, in terms of an elimination of transactional cost, and currency risk among others.

Trend analyses indicate the Ecozone is expected to foresee an increasing inflow of FDI/TNCs in mining and manufacturing being the major sectors for the region in the immediate future. However, the author recommends all “in countries” must build and develop a secondary core sector in other that they can gain competitive advantage for FDI/TNCs entry, say, The Gambia should grow her financial industry in particular the banking sector, Ghana could look in the direction of ICT, accounting and auditing, Guinea for construction, and Nigeria for retailing and allied sectors (finance especially insurance). Should all “in countries” keep the growth rate of FDI/TNCs entry on the ascendance and at the same time develop their specialized sectors as proposed by this dissertation, the West African region could be FDI/TNCs specialized industrial destination for outsourcing of variety of jobs.

Globalis (Global Virtual University) a section of United Nations Environmental Programme (UNEP) did present the percentage FDI inflows contributes to the GDP’s of West African countries as:

Contribution of FDI Inflows to ECOWAS member countries for 2003

| Country | FDI (% of GDP) |
|----------------|-----------------------|
| Gambia, The | 15.7 |
| Ghana | 1.79 |
| Guinea | 2.18 |
| Nigeria | 2.06 |
| Sierra Leone | 0.40 |
| Benin | 1.48 |

| | |
|---------------|-------|
| Burkina Faso | 0.27 |
| Cote d'Ivoire | 1.31 |
| Guinea-Bissau | 0.87 |
| Mali | 2.98 |
| Niger | 1.15 |
| Togo | 1.12 |
| Cape Verde | 1.85 |
| Liberia | 0.00 |
| Mauritania | 19.58 |

Figure 71. Sourced from Global Virtual University / UNEP, 2006

The above data on FDI inflows as a percentage of GDP indicates that generally TNCs contribution to most of the West African country economies is at a low rate. The low rate of FDI/TNCs contribution to the economies of West African countries could be attributed to:

- small number of TNCs investing in the region,
- FDI/TNCs opt to invest in Asia particularly China and India, taking advantage of the huge population in both countries cum the low wage/salary rate of skilled labour,
- lack of sufficient and up-and-running data on investment opportunities of the region,
- continuous conflicts in some of the rather potentially FDI attractive countries, say Cote d'Ivoire, Liberia, and the over two decades conflicts between locals and expatriate staffs of Chevron corporation, Exxon Mobil Corporation and Shell in the oil rich Niger Delta region of Nigeria.

Despite the hurdles mentioned above that makes the West African region less competitive to attracting FDI/TNCs, The Gambia and Mauritania have shown progressive signs of sharp increase in returns of FDI/TNCs activities that contributes to their respective economies. Invariably, the

other ECOWAS member countries should take a cue from Mauritania and The Gambia and follow suite in the sharp increase in returns of FDI/TNCs activities.

Inflation and Interest rate

Inflation and interest rates are two macroeconomic indicators that serve as the determinant of the living standards of every individual in an economy, directs the function of all organizations including financial institutions, and are effective tools for governments and central banks to control, monitor and regulate their economies as a whole.

Inflation and interest rates being a determinant of individual living standards refers to the individuals budgets, shopping basket for periodic consumption, borrowing abilities and debts from credit cards and overdrafts, mortgages, wages and salaries, flexibility of job opportunities, and the amount of disposable incomes among others.

Inflation and interest rates directs the functions of all organizations refers rates being the fulcrum of financial institutions mode of operation and their lending abilities to all sector of the economies in order for them to be profitable, the level of trade on the stock markets, organizations ability to borrow for start-up business and for re-capitalization, level of production, ability for entrepreneurs to venture into new industrial setups and the strengthening of existing firms per mergers and acquisitions, pricing and type of product and placing of industry, and level of employment among others.

Inflation and interest rates being an effective tool employed by central banks (being the authority) to determine and control the interest rate of the nation-state in order to achieve government's objectives from time-to-time. Central Bank's role in controlling interest rate has a direct effect on commercial banks pegging of lending rates for secured and non-secured loans, savings rate and investment rates. Interest rates as regulated by the central bank's of each economy serves as a

benchmark for the governments to raise income per government bonds and treasury bills of varying periods. The bonds and futures market on the stock markets are dependent on interest and inflation rates of the issuing economy. It is worth mentioning that futures and bonds are a growing and a strong instrument of raising funds in the current business environment. West African growing stock markets could explore the futures and bonds market with links to the giant and well established stock markets as Dow Jones, FTSE and the likes.

Employment and inflation rates are inversely proportional and is monitored and controlled by government for the smooth running of their economies. Inflation rates being measured, monitored and promulgated by governments has a direct effect on individuals and organizations activities as mentioned in interest rate effects.

Inflation and interest rates have a parallel relationship and are inversely related with rate of employment, and their effects as mentioned above are broad and in-depth on almost all activities in an economy. It can be inferred that the lower the inflation rate, the lower the interest rate and therefore the higher the rate of employment rate, and invariably the better the livelihood of individuals, also the smooth running and growth of industries and the promotion of good governance in an economy. Conversely, a higher inflation and interest rates pertaining in an economy as is the current state of some West African countries does results into lower employment rate or higher unemployment rate and so a higher poverty rate.

Formation of the West African Central Bank (WACB) prior to the introduction of the Eco, should be high on the Eco institutional agenda, since it will be the responsibility of this institution to regulate the interest rates and monitor the inflationary rates and other macroeconomic indices for the zone.

As one of the convergence criteria of the Eco by WAMI is the attainment of an

- Inflation rate < 10 %.

An inflation rate defined for various countries as a pre-condition for joining a monetary union being single digit is rather too wide for WACB to formulate and promulgate a one-size fits all policy. Further, pegging an inflationary rate criterion as that by WAMI, questions the institutions concept of how it would tolerate a country that is experiencing deflation prior to joining the Ecozone. In other words, would WAMI accept a country that is experiencing deflation prior to joining the common currency zone? Also, how would WAMI be able to manage the economy of a member country that is experiencing deflation vis-à-vis other country members whose inflationary rates are with the central tendency?

In this light, it is proposed that the inflationary rate convergence criteria should rather be

- Average inflation rate being 3.8 per cent of the ECOWAS region as cited in figure 18 on page 108 with a tolerance limit of ± 2.0 per cent.

{The inflation rate reference year is 2005}

Mathematically the proposed criterion could be represented as,

$$[1.8\% \leq \text{Inflation Rate} \leq 5.8\%]$$

In formulating the above inflationary rate as a criterion for Eco membership, consideration was taken of the intention of ECOWAS as unifying both WAMZ and WAEMU blocks into a single currency zone. Also, this write proposes a condition of Eco as "One-size fits all", and so it is mindful of the adverse effects of extreme inflationary rates as deflation and hyper inflation. Within WAMZ member countries, Sierra Leone is the only member with a recorded deflationary rate as 1.0 per cent as estimated by CIA and the Central Bank of Sierra Leone for the year 2002. Guinea, Ghana and Nigeria are experiencing uncomfortably high inflationary rates being 25 per cent, 15.1

per cent and 13.5 per cent respectively. The Gambia is the only "in country" that is experiencing an economically manageable inflationary rate being 8.8 per cent as estimated by CIA reports. By WAMI convergence criterion, only two of the five "in countries" being The Gambia and Sierra Leone would qualify with particular reference to inflationary rate. The problem with the WAMI inflationary rate criterion is the difficulty it will be for WACB to formulate and operate the "one-size fits all" economic policy for both countries. This is against the background of the deflationary rate of Sierra Leone and her other member country being The Gambia with a manageable inflationary rate. However, with this writes proposed Eco inflationary rate convergence criterion spanning from 1.8 to 5.8 per cent, it does eliminate countries experiencing deflation and hyperinflation. Hence none of the "in countries" would have qualified for Eco membership should it have been introduced in year 2005. Implying, all "in countries" central banks and governments must work very hard to attain the proposed inflationary rate criterion. Precisely, The Gambia 's central bank needs to put in a little bit more effort to reduce and stabilize her inflationary rate, Guinea, Ghana and Nigeria is expected to put in more stringent economic measures in terms of reducing the volume of cash flow in their economies, fixing interest rate to tame rising inflation and Sierra Leone is expected to fixing interest rate to correct deflation, among other measures.

In practice, an inflation linked economy correspondences to an interest rate linked economy. Inflation linked and interest rate linked economy is better understood with "in countries" data as:

- Gambia, The – the inflation rate is 8.8% (CIA, 2005) and an interest rate of 12% (Central Bank of Gambia, Dec-2005)
- Ghana – an inflation rate of 15.1% (CIA, 2005) and an interest rate (prime rate) as 18.5% (GIPC, 2004)

- Sierra Leone – inflation rate of 33.2% (IMF, 1999) and an interest rate of 32.0% (IMF, 1999)
- Nigeria – inflation rate of 13.5% (CIA, 2005), interest rate varies between 19 – 21% (various data source, 2006).

Inflation linked and interest rate linked illustration above thus confirm the thought that inflation is corresponding to interest rates, and therefore, these (inflation and interest rates) have a long reaching effect on almost every activity in an economy. The interest rates of Ghana, Sierra Leone and Nigeria are quite high, that it is less attractive if not discouraging for investors to borrow for either start up or new business or for expansion in an existing industry, and it does cripple the housing market. On the other hand, it would be thought that with such high base rates it would encourage savings and serve as a tool for government to mop up cash in their economies. But in practice, it does not boost the savings culture in any of the mentioned economies (Ghana, Sierra Leone and Nigeria). However, it does the mopping-up function of cash from the system by slowing down on borrowing thus reducing the inflationary rates. The interest rate of Sierra Leone in 1999 as 32.0 per cent with a corresponding inflationary rate of 33.0 per cent almost did resulted in her economy running for a crush or a freeze in almost all lending activities, increasing the unemployment numbers and making life unbearable for her citizens, and did eventually cause a mass migration and possibly the spark of her long internal conflict. Hence, government's use of interest and inflation rates as a tool to control and determine the growth of their economies is a delicate issue in every economy.

Following inflationary trends and interest rates of all "in countries" is a tool to be employed to forecast the possibility of Eco member countries ability to attain the inflation rate convergence criterion and the most feasible year(s). The inability of most of the "in countries" to attain the

inflationary rate convergence criterion does evoke further studies in terms of projections as to when it could be attained.

One of the secondary criteria by WAMI is the attainment of a positive real interest rate as defined as: average of minimum and maximum savings deposit rates less the inflation rate at end of period. However, interest rate as previously described as linked to inflation should be the determinant, instead of WAMI's standard. One of the weaknesses noticed in the WAMI's inflation criterion is the unrealistic definition in relation to the interest rates of all "in countries". Precisely, Sierra Leone's minimum and maximum savings deposit rates for the year 2005 were 7.63 and 8.25 per cent respectively and that of her end of year inflation rate was 13.1 per cent as presented by the central bank of Sierra Leone. As per WAMI's definition, the computation results in an average savings deposit of 7.94 per cent, and that of the interest rate should be -5.16 per cent. A look at the WAMI's hypothec interest rate and that of the Treasury bill (365 days) rate of Sierra Leone are -5.16 per cent and 19-21 per cent. The hypothetical negative interest rate per WAMI's definition of Sierra Leone is not acceptable by the criterion, however the result vis-à-vis the high positive Treasury bill rate of Sierra Leonean economy does portray WAMI's technical lapse.

In place of WAMI's interest rate standard, this dissertation proposes that WACB and WAMI should operate the basic demand and supply principle in determining the interest rates of the region. Secondly, the interest rate should be linked to the inflation rate convergence criterion proposed by this dissertation on page 208. Further, on observing the high rates of the Ecozone it would be proper that WAMI encourages member countries to implement a preparatory higher savings deposit rate prior to the introduction of the Eco. Interest rate determinants should not be wholly an open market operations but the WACB should intervene and peg the rate taken into consideration reducing the current high inflation rates by encouraging savings and at the same time be investment and mortgage driven. In other for "in countries" of Ecozone to reduce inflation rate

and other macroeconomic indices then preparatory fiscal policies must be introduced to governments of member countries to implement prior to attaining the inflation and interest rate convergence criteria as per this dissertation.

Gambia, The

Figurative information on inflation and interest rates of The Gambia since 1998 as reported by World Bank is as:

Inflation (CPI) and Interest rate of The Gambia

| Year | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2005 |
|---------------|-------|-------|-------|-------|-------|-------|----------------------------|
| CPI | 4.8% | 1.7% | 0.2% | 8.1% | 13.0% | 17.6% | 8.8% _c |
| Treasury bill | 14.0% | 12.5% | 12.0% | 15.0% | 20.0% | 31.0% | 25.0% (9months average) |

Figure 72. Sourced from World Development Indicators database, April 2006. c for CIA, and bg for Central Bank of Gambia.

Inflation history of The Gambia does flag up some observations as:

- inflation rates mostly has been in the single digit,
- the highest and unacceptable level of inflation in recent times was in year 2003 at a rate of 17.6 per cent,
- the corresponding worse rate was in year 2000 with a deflationary figure of 0.2 per cent,
- inflation has seen a decline in rate from the year 2003 to 2005.

Hence it can be concluded that should The Gambia maintain her stringent fiscal policies, she would attain the inflationary rate convergence criterion in the very near future. Further, it can be stated that The Gambia will attain the inflationary rate convergence criterion before the introductory year of the Eco being year 2009. As a confirmation of the author’s projections, it is worth mentioning

that the Central bank of The Gambia has estimated an inflationary rate for year 2006 as 3.2 per cent. An estimated inflationary rate for year 2006 of The Gambia is 3.2 per cent and this does fall within the author's proposed convergence criterion of an inflationary rate. However, the government of The Gambia must do well to maintain a low and an economically appropriate inflationary rate. Care must also be taken by the government of The Gambia so her economy does not slip into deflation as the case of year 2000, and recently again in a year-on-year inflation between June to August 2005.

Commenting on the treasury bill ninety days interest rates from 1998 to 2005, thus indicate high rates. This implies the government of The Gambia is aimed at mopping-up liquidity from her system, in order that she keeps her inflation rate low and appreciable for the investor community.

Ghana

Inflation has been a major macroeconomic hurdle for the Ghanaian economy for a long time now. Inflation has bedeviled Ghanaian economy since 1990 and has been in double digits till date. The worse period in the Ghanaian economy was in year 2000 when she did experience a hyperinflation as high as 40.5 per cent. The table below shows the inflation rate of over the period of 1999 to 2005.

Inflation rate of Ghana

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2005 |
|----------------------------------|-------|-------|-------|-------|-------|-------|
| Inflation rate (end of period) | 13.8% | 40.5% | 21.3% | 15.2% | 23.6% | - |
| Inflation rate (consumer prices) | 12.8% | 22.8% | 25.0% | 14.5% | 26.7% | 15.1% |

Figure 73. Sourced form Central banks / WAMA, and consumer price sourced from CIA

Unfortunately, the inflation rate pattern of Ghana is not shown any sign of significant continuous reduction (downward trend) from double digits into single digit. Despite the government of Ghana's policies of reducing inflationary rates, it would be very difficult for her economy to attain the author's proposed inflationary rate convergence criterion by the introductory year 2009 of the Eco. Based on the last two years being 2004 and 2005 of Ghana's inflation rate – CPI as 14.1 and 15.1 per cents respectively (a reduction from year 2003's CPI being 26.7 per cent), it could be inferred that it will take Ghana three (3) years being the shortest possible time to attain the WAMZ inflationary rate convergence criterion - as single digit inflation. The above projection implies, the Ghanaian economy have year 2009 as a critical year for her to qualify for membership of the Eco, since year 2009 is the introductory year. Ghana may only attain the author's proposed inflation rate criterion in say five (5) years being the minimum long-term period. Even the five years projected for Ghana to attain the author's proposed inflationary rate criterion could be longer than expected. Besides Ghana has not experienced a low inflation rate since 1993 to date, her inflation rates have been one of an up-and-down pattern with all in the double digits.

It is an undeniable fact that the interest rate link or prime rate link of Ghana is in the double digits since 1990. The prime rate of Ghana being in double digits, with the worse being in year 2000 just as that of her inflation rate was as economically imprudent as 40.5 per cent. The stated prime rates of Ghana are 18.5 per cent and 11.8 per cent for years 2004 and 2005 respectively. Ghana's prime rate as high as 11.8 per cent is neither conducive for investors nor the mortgage market.

Ghana's high inflation and interest rates is the major obstacle for attracting more and big time FDI/TNCs, also until her macroeconomic factors are improved she is not likely to attract the

projected high FDI inflows in figure 48 (on page 181) let alone think of the realization of the over-optimistic FDI inflows in figure 49 (on page 182).

Guinea

The Guinean inflationary rate situation is baffling though intriguing when studying. In that when it did matter most (period close to the introduction of the Eco) for her to attain a single digit inflationary rate to achieve the Eco convergence criterion instead it did record double digits. However, during the preparatory years (earlier years of the grace period of introduction of Eco) for her to work towards attaining a single digit inflationary rate of qualifying for Eco membership, she did attain the required single digit value of inflation.

Baffling nature of Guinean inflationary rates from years 1999 to 2005 is in relation to the planned date of the introduction of the Eco being 2009 and the converse rates attained per time frames as illustrated above.

The intriguing description of Guinea's inflationary rates for the periods 1999 to 2005 has to do with the observable trends and the probability for her to attain the inflationary rate convergence criterion.

Data from both CIA and the Central Bank of Guinea on inflation rate are as below.

| Inflation Rate of Guinea (1999 – 2005) | | | | | | | |
|--|------|------|------|------|-------|-------|-------|
| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| Inflation rate (end of period) | 6.2% | 7.2% | 1.1% | 6.1% | 14.8% | 27.6% | 29.7% |
| Inflation rate (consumer prices) | 4.5% | 6.0% | -- | 6.0% | 14.8% | 18.0% | 25.0% |

Figure 74. Sourced from Central bank / WAMA, consumer prices sourced from CIA

Observing trends in figure 74, it can be concluded that the inflation rates of Guinea is on the ascendance and it is rather economically imprudent. However, it must also be mentioned that within the periods from 1999 to 2002 Guinea did experience a single digit inflation rate, with year 2001 being a deflationary year. It is baffling to cope with the reasons attributed to the 146.7 per cent astronomical jump in inflation rate between years 2002 to 2003 of Guinea. Since year 2003, Guinea's inflationary rate has been on the increase year-on-year, and it has hit the hyperinflation state.

With ongoing Golf war II (Iraq war) and the soaring oil prices, it will be unimaginable that the inflation rate of Guinea could fall dramatically, instead the inflationary rates will rise for Guinea, Ghana and other non-oil producing countries in the next coming months if not years. Therefore it will be very difficult for the economy of Guinea to meet the single digit inflationary rate by year 2009 in order to attain the inflationary rate convergence criterion. It could be projected that, it would take Guinea a minimum of five years to attain an acceptable inflationary rate as proposed by the author as the expected convergence criterion. The difficulty in forecasting the inflation rate of Guinea to meeting the convergence criterion even in the long-term is because of her recorded annual ascending inflation rate trend. Guinea's increasing inflation rate would lead to a corresponding increase in the economies prime rate. Guinea's high inflation rate points to the similar situation of Ghana in year 2003. Here, it can be inferred from the Ghanaian economic experience that the forecasted prime rate of Guinea would be very high and therefore would have an adverse effect on her economy and becoming unattractive to investors.

Nigeria

Despite being an oil producing country, the inflationary rates of Nigeria has not been impressive and hence she has not attracted massive capital inflows as expected from FDI/TNCs entry, nor has her prime rate depicted an oil rich economy's. The worse inflationary rates period in the Nigerian recent economic history spans from 1993 to 1995 with hyperinflationary rates of 57.2% to 72.8% (end of year rates). It is observed that the only year in recent history that the Nigerian economy did experience a single digit inflationary rate was in 2000. Since 1991 to year 2005, with exception of year 2000, Nigeria had recorded inflation rates in double figures.

Recorded inflation rates from 1999 to 2005 is as follows:

Inflation Rate of Nigeria

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|-------|------|-------|-------|-------|-------|-------|
| Inflation rate (consumer prices) | 12.5% | 6.5% | 14.9% | 14.2% | 13.8% | 16.5% | 13.5% |

Figure 75. Sourced from CIA

Forecasting Nigeria's inflation rate towards the introductory year of the Eco being 2009 is uncertain, due to the flat trend of inflation rates from 2001 to 2005. However, being an oil producing country coupled with recent (2001 – 2005) recorded inflation rates dropping from 14.9% to 13.5%, it could be anticipated that, Nigeria could attain single digit inflation before year 2009 in order that she qualifies for the Eco convergence criterion on inflation rate. Owing to Nigeria's five years (2001 – 2005) of a flat inflation rate records, the predictive minimum time for Nigeria to attain the author's proposed inflationary rate criterion is five years (long-term) from 2006.

Sierra Leone

Sierra Leone is the only “in countries” whose inflationary rate is highly unpredictable and checked over the recent time period (1999 to 2005). Precisely, Sierra Leone’s economy has been recording an inflationary rate of a positive figure followed by a negative deflation, and then the sequence repeats in that order. The situation of Sierra Leone’s Consumer Price Index (CPI) is different from that of the end of period inflation rates. In other words, the inflation rate (CPI) of Sierra Leone from 1999 to 2005 is shown a sharp decline year-after-year, unlike the up-and-down trend of the end of period inflation rates. Inflation and Treasury bill rates records presented by varying sources are as:

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|-------|--------|--------|--------|--------|---------------------|----------------------|
| Inflation rate (end of period) | 36.7% | -2.8% | 3.4% | -3.1% | 11.3% | -- | -- |
| Inflation rate (consumer prices) | 30% | 15% | -- | 1% | -- | 1.1% (Freetown avg) | 0.89% (Freetown avg) |
| Treasury bills (avg) | -- | 26.22% | 13.76% | 15.15% | 15.67% | 26.14% | 22.98% |

Figure 76. Sourced from Central banks / WAMA, consumer prices data sourced from CIA, avg stands for average.

The sharp decline in inflationary rates of Sierra Leone for the period 1999 to 2006 is the classical case of the author’s criticism of the inflation rate criterion set by WAMI. Inferring from figure 76, it could be concluded from year 2002 to date:

- Sierra Leone did attain the inflationary rate criterion for Eco membership as far back as 2002.
- That, Sierra Leone is experiencing a severe deflation.
- Sierra Leone’s Treasury bill rates is behaving in the converse manner as compared to her inflationary rates (CPI) movements,

- Treasury bill rates of Sierra Leone are exceptional on the high side (precisely, in the twenties of percentage).

Though, Sierra Leone's economy has attained the inflationary rate criterion of WAMI, she is experiencing deflation. Observably, the deflation of Sierra Leone is a persisting and economically unhealthy situation, from year 2002 to date (2006). The question at this point is; is WAMI encouraging her members to attain any single digit inflation rate irrespective of deflation? Deflation is an economically known difficult problem to rectify as compared to hyperinflation, hence the author of this dissertation did not just criticise WAMI's criterion. Instead the author proposed an inflationary rate criterion that is economically healthy and it excludes hyperinflation and worse of all deflation. Based on the author's proposed inflation rate convergence criterion, it could be concluded that Sierra Leone's inflation rates (from years 1999 to 2005) falls out of the accepted rate.

The noted contrasting relationship between Sierra Leone's inflation rate and Treasury bill rates is causing a malfeasance in her economy. With the continuous high Treasury bill rate as issued by the Central Bank of Sierra Leone since the beginning of the infamous deflation era, it has deepened the deflationary rate year-after-year.

It is recommended that, Sierra Leone's government should significantly lower her prime rate and Treasury bill rates, then increase money supply in her economy, encourage growth of micro- to large-scale industries including attracting FDI/TNCs entry, and boost consumer spending behaviour.

An assessment of the inflationary rate of the "in countries" on country-to-country based on the convergence criterion of both WAMI and the author's per this dissertation is as:

- Gambia, The – She would attain and maintain an economically healthy inflationary rate convergence criterion ready for the introductory year (2009) of the Eco. Also, she would attain the author’s proposed inflation rate convergence criterion before year 2009.
- Ghana – The introductory year of the Eco would be her critical year to either attain a single digit inflationary rate. Provided the Bank of Ghana being the central bank formulates stringent fiscal policies to lower her economically unhealthy inflationary rate and simultaneously the global economics dynamics especially oil makes a favorable deep in price, then she could attain the WAMI inflationary rate criterion. Further, it would take Ghana a minimum of five (5) years to attain the author’s proposed inflationary rate criterion, with the above-mentioned conditions being upheld. Hence the predicted year for Ghana to attain the author’s inflationary rate for qualification into the Ecozone is year 2011.
- Guinea – Predicting a single digit inflationary rate for Guinea before or on the introductory year (2009) of the Eco difficult. However, the inflationary rate trend of Guinea is of an akin geo-political nature as that of Ghana’s. Guinea and Ghana are both developing economies and are experiencing a similar macroeconomic evolution. So, the predicted minimum duration for Guinea to achieve a single digit inflation rate is five years (which is year 2011). Explicitly, it could be stated that Guinea would not be able to attain a single digit inflationary rate by the introductory year (2009) of the Eco based on her economic history.
- Nigeria – Based on the prevailing global economic dynamics being driven by oil of which favours Nigeria as an oil producer, it is possible for her to attain a single digit inflationary

rate ready for the introduction of the Eco. Subsequently, it could be predicted that Nigeria would attain the author's inflation rate criterion by year 2011.

- Sierra Leone – Assessing from the WAMI inflation rate criterion Sierra Leone has already attained the single digit and she is very likely to maintain the economically unhealthy deflationary rate ready for the introduction of the Eco come 2009. However, it would take Sierra Leone a minimum of five (5) years being long-term period to achieve the acceptable inflation rate proposed by the author of this dissertation.

The Gambia, Nigeria and Sierra Leone that have showed signs of attaining the WAMI inflationary rate convergence criterion by the introductory year of the Eco. Further, it is only The Gambia and Sierra Leone that have so far achieved the inflationary rate convergence criterion required by WAMI come 2009. Ghana's situation being a critical year issue and that of Guinea not able to qualify until year 2011, it is proposed that WAMI must quickly make changes to both the inflation rate criterion and the introductory year of the Eco. In other words, since Ghana's qualifying inflation rate is not very clear, that of Guinea's would be out, and Sierra Leone's likely to maintain her deflationary rate as against the inflationary rate convergence criterion and introductory year 2009. It is proposed that the most feasible time to introduce the Eco would be 2011 (dependent on only the inflation rate criterion), based on the author's proposed inflation rate convergence criterion to be adopted by WAMI.

Extending the inflation rates data analyses from the Ecozone into WAEMU would help in forecasting the earliest possible period of the unification of Ecozone and CFA zone.

ECOWAS STATES: Inflation Rate

| Year → | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------|------|------|------|-------|-------|------|------|
| Country ↓ | | | | | | | |
| Gambia, The CP | 1.7% | 0.2% | 8.1% | 13.0% | 17.9% | | |

| | | | | | | | |
|---------------|------------|---------|---------|---------|---------|---------|---------|
| | 1.7% * | 0.2% * | 8.1% * | 13.0% * | 17.9% * | | 8.8% * |
| | | | | | | | |
| Ghana | 13.8% | 40.5% | 21.3% | 15.2% | 23.6% | -- | |
| CP - | 12.8% * | 22.8% * | 25.0% * | 14.5% * | 26.7% * | 13% * | 15.1% * |
| Guinea | 6.2% | 7.2% | 1.1% | 6.1% | 15.4% | | |
| CP - | 4.5% * | 6.0% * | -- | 6.0% * | 14.8% * | 18.0% * | 25.0% * |
| Nigeria | 0.2% | 14.5% | 16.5% | 12.2% | 23.8% | | |
| CP - | 12.5% * | 6.5% * | 14.9% * | 14.2% * | 13.8% * | 16.5% * | 15.6% * |
| Sierra Leone | 36.7% | -2.8% | 3.4% | -3.1% | 11.3% | 14.4% | 12.0% |
| CP - | 30.0% * | 15.0% | -- | 1.0% * | -- | 1.1% * | 0.89% * |
| WAMZ | 2.4% | 16.4% | 15.9% | 12.0% | 23.1% | | |
| Benin | 3.3% | 4.2% | 4.0% | 2.4% | 0.7% | -- | -- |
| CP - | 3.0% * | 3.0% * | 3.0% * | 3.3% * | 1.5% * | 2.8% * | 3.5% * |
| Burkina Faso | 0.7% | -3.0% | 4.0% | 2.4% | 0.7% | -- | -- |
| CP - | 2.5% * | 1.5% * | 3.5% * | -- | 1.9% * | 2.4% * | 6.4% * |
| Cote d'Ivoire | 1.6% | 2.5% | 4.3% | 3.1% | -0.1% | -- | -- |
| CP - | 2.5% * | 2.5% * | -- | 3.2% * | 4.1% * | 1.4% * | 3.9% * |
| Guinea-Bissau | -2.1% | 8.6% | 3.3% | -0.5% | 3.0% | -- | -- |
| CP - | 5.5% * | 3.0% * | 5.0% * | 4.0% * | -- | -- | |
| Mali | -2.1% | -0.7% | 5.2% | 5.0% | -5.0% | -- | -- |
| CP - | 3.0% * | 0.8% * | 4.5% * | 4.5% * | -- | -- | |
| Niger | -1.9% | 2.9% | 4.0% | 2.6% | -1.5% | -- | -- |
| CP | 4.8% * | 2.8% * | 4.2% * | 3.0% * | -- | 0.2% * | |
| Senegal | 0.5% | 0.7% | 3.0% | 2.3% | -1.5% | -- | |
| CP | 2.0% * | 1.5% * | 3.3% * | 3.0% * | 0% * | 0.8% * | 1.7% * |
| Togo | 4.5% | 1.9% | 3.9% | 3.1% | -1.7% | -- | -- |
| CP | 3.0% * | 2.5% * | 2.3% * | 4.0% * | -1.0% * | 1.0% * | 6.0% * |
| WAEMU | 0.5% | 1.8% | 4.1% | 2.9% | -0.7% | | |
| Cape Verde | 4.4% | 4.4% | 4.6% | 3.0% | 2.0% | -- | |
| CP - | 5.0% * | 4.0% * | 3.0% * | 3.0% * | 3.0% * | 1.5% * | 0.4% * |
| Liberia | 8.1% | 3.2% | 19.4% | 11.1% | 13.0% | | |
| CP - | 3% (1998)* | -- | 8% * | 15% * | 15% * | | |
| Mauritania | -- | -- | -- | -- | -- | -- | -- |

| | | | | | | | |
|--------|--------|--------|--------|--------|--------|--|--|
| CPI | 9.8% * | 4.5% * | 4.4% * | 3.0% * | 7.0% * | | |
| ECOWAS | 1.8% | 11.5% | 12.0% | 8.9% | 15.1% | | |

Figure 77. Sourced from Central banks / WAMA and * from CIA World Factbook, CP stands for Inflation rate

(Consumer Prices).

Multivariate sources of inflation data as noted above in figure 77 were employed in the analysis of inflation of the West African region. Also, the multivariate data serves as the viewpoint for analyst both internal (within ECOWAS) and external (the rest of the world) authorities. That of the CIA inflation data is mostly used by the international bodies and the business community especially the FDI/TNCs. The data from the Central Banks of the respective West African countries is also used mostly internal by their governments, analyst and researchers like. Various observed conclusions could be inferred from figure 77 as:

In the Ecozone,

- Apart from The Gambia whose recorded inflation rates from 1999 to 2005 are of the same value irrespective of the sources being the Central Bank of The Gambia and that of the CIA World Factbook, all other ECOWAS member countries' inflation rate varied year-after-year.
- Sierra Leone's accounted inflation rate per consumer prices indicates is a growing trend of malignant deflation from year 2002 to 2005.
- WAMZ average inflation rate (end of period) points to an increasing rate year-after-year, with a high 23.1 per cent in 2003. The economically healthy inflation rate of the WAMZ region was in 1999 with a rate of 2.4 per cent. However, with WAMZ region's common currency inflation rate convergence criterion, the Ecozone average inflation rate (CPI) is not showing good signs of significant falls year-after-year in achieving the criterion.

Deducting an average inflation rate (consumer prices) from CIA World factbook sited in figure 77 is shown below:

| Average Inflation rates (consumer prices) of Ecozone | | | | | | |
|--|-------|-------|------|-------|-------|------|
| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
| CPI | 10.1% | 16.0% | 9.7% | 18.2% | 12.2% | 13.1 |

The general average inflation rates (consumer prices) of the Ecozone as indicated above is showing an up-and-down trend without a consistent single digit inflation rate in short-term sight.

In the WAEMU block:

- Benin's economy has clearly depicted a consistent healthy inflation rate (consumer prices) from years 1999 to 2005, with the highest and lowest rates being 3.5 per cent and 1.5 per cent respectively.
- Burkina Faso – as Benin, has accounted for a continuous healthy inflationary rate (consumer prices) from years 1999 to 2005. Though Burkina Faso's annual inflation rate (consumer prices) did rise sharply recently (2005) to 6.4 per cent from a low 2.4 per cent the previous year, this is a one-off recorded situation between the periods under study (1999 – 2005). However, the Central Bank of Burkina Faso did record some years of severe deflation rate (end of period) as 0.7 %, -3.0%, 0.7% against years 1999, 2000, and 2003 respectively. The signs of deflation as accounted for by the Central Bank of Burkina Faso show that the country is economically vulnerable, hence the government must do well

- to maintain her current favourable inflation rate as estimated by the CIA world Factbook authorities.
- Cote d'Ivoire – Another WAEMU member with an economically healthy inflation rate, in the category of Benin. The inflation rates (consumer prices) of Cote d'Ivoire since year 1999 to 2005 is being accounted for as stable, continuous and economically vibrant for TNCs investments.
 - Guinea-Bissau – Another case of stable single digit inflation rate (consumer prices) within the ECOWAS region.
 - Mali – The inflation rate (consumer prices) of Mali has being in single digits since 1999 to 2005, but she did record a deflationary rate in year 2000. Besides year 2000's deflation rate, the Central Bank of Mali did also account for deflation in years 1999 and 2003 as -2.1% and -5.0% respectively. Mali's economy is notably a deflationary one, and economically unhealthy neither for investment climate nor development.
 - Niger – A case of an initial (year 1999) healthy inflation rate, but the excessive tightening of fiscal policies has run her economy into deflation as 0.2 per cent in year 2004.
 - Senegal and Togo have recorded about the same inflation rate trends. Both countries did account for an economically healthy inflation rates since 1999 to 2002, but events took a downward turn and they did experience deflation. It is also recorded that Senegal and Togo were out of the fiscally unhealthy state to record an inflation rate of 1.7 per cent and 6.0 per cent respectively in year 2005.
 - The CFA block has shown a consistent and economically accepted low inflation rates as in figure 77. Average inflation rates (consumer prices) deducted from the CIA world factbook does confirm the low rates year-after-year as on the next page.

Average Inflation rates (consumer prices) of WAEMU

| Year | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|------|------|------|------|------|------|------|
| CPI | 2.2% | 3.7% | 3.6% | 1.3% | 1.4% | 4.5% |

It could be inferred that, the CFA being the common currency of the WAEMU block has promoted an economically healthy inflation rate, unlike other ECOWAS members that are non-CFA zone.

In the case of other ECOWAS member countries that are not members of any of the two common currencies zones, it could be inferred as:

- Cape Verde – her economy has since 1999 experienced a continuously low and economically healthy inflation rates until as recent as 2005 that deflation did set-in. The inflation rate (consumer prices) of Cape Verde has significantly shown a gradual decline year-after-year from 5.0 per cent in 1999 through to 3.0 per cent in years 2001, 2002, and 2003, then the thump in 2005 to 0.4 per cent.
- Liberia – Prior to year 2002 Liberia did experience an appreciable low inflation rate (consumer prices) as far back as 1998 with a rate of 3.2 per cent. As a recall, Liberia did defer her member of the Ecozone, however, her inflation rate (consumer prices) are about the same as those of Ghana and Nigeria, and comparatively better than that of Guinea's. Liberian government and economic authorities may have to reconsider their country's decision on the deferment of joining the Eco and work their economy into attaining the convergence criteria ready to joining the Eco in the introductory year.
- Mauritania – The inflation rates (consumer prices) has for a long time being in single digit, with the most economically favourable period in years 2000 to 2002.

Generally,

- The WAEMU region did record an appreciable and consistently low inflation rates, unlike the Ecozone with average inflation rates estimated between 9.7% and 18.2% and mostly in the teens of percentage.
- CFA being the common currency of the WAEMU region has enabled low and acceptable inflation rates to pertain within all member countries, which is one of benefits of a common currency block. The converse is the inflation rate records of the proposed Ecozone, with high and consistent rates in teens of percentage, even in some countries they did experience hyperinflation. The low and appreciable inflation rates of the WAEMU region should serve as a cue and motivator to Ecozone members to forge ahead with the planned monetary unification.
- Cape Verde and Mauritania should either initiate the move to join Ecozone or WAMZ authorities should persuade them to join the common currency zone, since their inflation rates already qualifies them to attain the inflation rate convergence criterion, besides they are members of ECOWAS.
- Further, ECOWAS authorities may have to consider unifying the whole region as a single currency block in a single stage process, instead of the current planned two-stage. In other words, instead of first building another common currency block (Eco) to the CFA zone within the West African region then at a later stage unifying the two currency blocks, a new single currency block could be evolved out of WAEMU right from the word go.
- A reconsideration of the members of the Ecozone based on the author's proposed inflation rate convergence criterion introductory year (2011) could be:

Leading member countries - Sierra Leone, Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo, Cape Verde, and Mauritania.

Other countries that are very likely to meet the inflation rate criterion are: The Gambia, Ghana, Nigeria, and Liberia.

Invariably, it is feasible that ECOWAS could work members into forming a common currency block in a one-stage process as deduced by this dissertation's inflation rate analyses at a realistic introductory year being 2011. Also, it is plausible that, most member countries of ECOWAS could qualify for the single currency block based on the author's proposed convergence criteria.

Exchange rate and Currency stability

In an open and small economy as those of the West African countries inflation rates has a relationship with exchange rates and eventually currency stability. It is being observed earlier that, inflation is in a parallel relationship with interest rate. Monetary policies further depict a relationship between inflation and exchange rates. In an open and developing economy, a stable inflation rate era also projects a low volatile exchange rate and that economy is said to be experiencing a stable currency regime. Also, an increasing inflation rate in an economy goes with a corresponding rise in interest rates, thereby causing a high probability that the nationals and business entities of that economy would opt to trade the local currency for a more stronger and stable currency of another nation, hence rendering the former currency weaker and volatile. Having taken a careful study of West African countries inflation rates as a criterion for membership of the Eco, it is worth assessing the individual countries exchange rates and their respective currency volatilities. The thought behind assessing the exchange rates and currency stability of the individual countries currencies has to do with the link with their economies ability to retain a stable and acceptable exchange rate and sustainability of the Eco should they qualify for membership. A country-by-country look at the exchange rates of respective national currencies to the US dollar would aid in the acceptance, strengthening and stability of the Eco.

Contrary to WAMI's convention on the criterion of exchange rate being; an exchange rate of ± 15 per cent fluctuation band as defined by WAMI ERM, the author proposes the strongest local currency within the West African region as per US Dollar rate for the year 2005 to be the reference convergence position with a tolerance of 5 per cent both sides being the stability factor. Based on figure 78 of page 233 the Dalasi of The Gambia is the strongest local currency in the West African region. So, The Gambia's (Dalasi per US Dollar) rate of 2005 is the author's proposed

reference exchange rate point with the stability factor being 5 per cent both ways (of number line) to serve as the exchange rate convergence criterion.

Mathematically the author's exchange rate criterion is represented as:

$$28.861 \leq \text{Exchange rate of Dalasi per US Dollar for year 2005} \leq 31.899$$

It could be explained as:

Selling rate 1 US dollar = 31.899 (dalasi, cedi, Guinean franc, naira, leone)

Buying rate 1 US dollar = 28.861 (dalasi, cedi, Guinean franc, naira, leone)

The reasons behind adopting the strongest local currency per US Dollar within the West African region as the base rate for the exchange rate convergence criterion are:

- harmonization of all currencies from the position of strength
- creating a comparatively strong currency and for that matter a strong regional economy
- serving as a pull factor for global floating big time money seeking investment points
- making it feasible for the planned West African Central Bank (WACB) to operate and formulate monetary policies on the one-size fits all bases
- it would force the other "in countries" whose local currencies are rather too weak, to improve their fiscal policies. For an example, the Ghanaian cedi being the weakest in the region will benefit from lower interest rates and better investments and expanding the capital base of the Ghanaian stock market, should she attain the author's proposed exchange rate criterion
- to attract more FDI/TNCs that are willing to invest more in the region than currently are.

The ± 5 per cent currency stability factor as proposed by the author is in line with statistical normal curve, hence any local currency within the West African region whose currency fluctuations for the past five years before the reference year is outside the stability factor makes that currency volatile.

The currency stability factor could be mathematically represented as:

$$-5\% \leq \text{currency stability factor} \leq 5\%$$

Further, the currency stability factor formula is defined for the purpose of this study as:

$$\text{Currency Stability} = \frac{X_{ya} - X_{yb}}{X_{yb}} - 100\%$$

Where:

X stands for exchange rate of local currency to US Dollar.

X_{ya} stands for exchange rate of local currency to US Dollar of another year.

X_{yb} stands for exchange rate of local currency to US Dollar with year 2005 as reference year.

A brief look at The Gambia's currency vis-à-vis her inflation rate is worth noting. As already established, the Dalasi is and has being the national currency of The Gambia since 1971. All the same, The Gambia is committed to irrevocably replace her national currency for the Eco come the introductory year as 2009. Data on the Dalasi-Dollar exchange rates and inflation rate is as:

Exchange rate of Dalasi per US Dollar - The Gambia

| Year | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------------------------|--------|--------|--------|---------------|-------|
| Exchange rate (Dalasi: US Dollar) | 15.687 | 15.687 | 19.918 | 27.306, 30.03 | 30.38 |
| Inflation rate (Consumer prices) | 8.1% | 13.0% | 17.6% | 7% | 8.8% |

Sourced from CIA world Factbook

Though The Gambia has an appreciable exchange rate (Dalasi per US Dollar) and a falling consumer price index, she is still implementing a Treasury bill rate at 14.9 per cent per annum implying the

Central Bank of Gambia seeks to mop-out more liquidity from the system. Eventually resulting into a lower inflation rate and a more attractive destination for both local and foreign investment destinations. A quarterly presentation of Treasury bill and Bank rates as presented by the Central Bank of Gambia depicts and confirms the earlier assessments of benefits of a strong exchange rate and added fiscal benefits as inflation-link and interest rate-link as below.

| | 2004 | | | | 2005 | | | | 2006 |
|---------------------------|------|------|------|------|------|------|------|------|------|
| | Mar | June | Sept | Dec | Mar | June | Sept | Dec | Mar |
| Treasury Bill (%) | 31.0 | 31.0 | 31.0 | 30.0 | 26.0 | 26.0 | 16.0 | 16.0 | 14.9 |
| Bank Rate (%) | 29.0 | 29.0 | 29.0 | 28.0 | 24.0 | 24.0 | 16.0 | 14.0 | 12.0 |
| Inflation rate CPI (%) | 17.6 | 15.8 | 14.2 | 9.7 | 5.8 | 3.2 | 1.8 | 1.9 | |

Sourced from Central Bank of Gambia, 2006

Some statistical inferences could be drawn from the exchange rates of ECOWAS that would serve as the bases for determining individual countries eligibility to attain the exchange rate convergence criterion.

Exchange rates of Individual ECOWAS member countries currency to US Dollar

| Year → Country↓ | 2001 | 2002 | 2003 | 2004 | 2005 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Gambia, The | 15.687 | 15.687 | 19.918 | 27.306 | 30.38 |
| Ghana | 7,170.8 | 7,932.7 | 8,677.4 | 9,004.6 | 9,072.5 |
| Guinea | 1,950.6 | 1,975.8 | 1,984.9 | 2,225.0 | 2,550.0 |
| Nigeria | 111.23 | 120.58 | 129.22 | 132.89 | 132.59 |
| Sierra Leone | 1,986.2 | 2,099.0 | 2,347.9 | 2,701.3 | 2,889.6 |
| WAMZ average | 2,246.903 | 2,428.753 | 2,631.868 | 2,818.219 | 2,935.014 |
| Benin | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |

| | | | | | |
|------------------------------|-----------|----------|-----------|-----------|-----------|
| Burkina Faso | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Cote d'Ivoire | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Guinea-Bissau | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Mali | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Niger | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Senegal | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| Togo | 733.04 | 696.99 | 581.2 | 528.29 | 527.47 |
| WAEMU | 733.04 | 696.99 | 581.20 | 528.29 | 527.47 |
| Cape Verde | 123.228 | 117.168 | 97.703 | 88.808 | 88.67 |
| Liberia | 48.583 | 61.754 | 59.379 | 54.906 | NA |
| Mauritania | 255.63 | 271.74 | 263.03 | NA | NA |
| WAMZ + WAEMU (average) | 1,315.295 | 1,363.05 | 1,369.918 | 1,409.032 | 1,453.448 |

Figure 78. Sourced from CIA World Factbook, 2006

Exchange rates of individual West African countries currency to the US dollar as in figure 78 does portray comments as:

- all countries in the WAEMU region have the same exchange rate year-in year-out, bringing about exchange rate uniformity as expected in a common currency block,
- The Gambia and Nigeria are the only "in countries" whose local currency are stronger than the WAEMU block,
- as earlier mentioned The Gambia has the strongest local currency in the West African region,
- the Ghanaian cedi (local currency) is the weakest in the West African region.

Employing the stability factor formula on the local currencies in the West African region as a determinant of stability or rate of currency volatility is as below:

Currency Stability factor determinant of the West African region

| | 2001 | 2002 | 2003 | 2004 | Stable/Volatile |
|--------------|--------|--------|--------|--------|-----------------|
| Gambia, The | -48.4% | -48.4% | -34.4% | -10.1% | Volatile |
| Ghana | -24.0% | -12.6% | -4.4% | -0.8% | Volatile |
| Guinea | -23.5% | -22.5% | -22.2% | -12.7% | Volatile |
| Nigeria | -16.1% | -9.1% | -2.5% | 0.2% | Volatile |
| Sierra Leone | -31.3% | -27.4% | -18.7% | -6.5% | Volatile |
| WAEMU zone | 39.0% | 32.1% | 10.2% | 0.22% | Volatile |

Figure 78a. Derived from figure 78

The stringent author's convergence criterion for currency stability is attributed to the fact that the ECOWAS region has a history of short-lived democracy cum a general economic instability, and this has reflected in their respective individual national currencies. As per the author's currency stability criterion, none of the ECOWAS member countries did establish a long-term history of currency stability.

Although it would take a longer time for the individual countries in the West African region to establish the concept of stability in their respective national currencies, The Gambia is the only "in country" that did meet the convergence criterion on exchange rate.

Price instability pertaining in the West African region has a wide reaching adverse effect on the purchasing power of the individual national currencies and real incomes of the people, business entities and governments alike. In an open economy it is the sole responsibility of the central bank to formulate fiscal policies in order to achieve price stability.

Central Bank financing of Budget Deficits

Due to the weak value of the national currencies pertaining in the West African region and their non-international convertibility, authorities in the region have conventionalized central banks subsidizing of budgets deficit. Central banks role in the financing of budget deficits is confirmed as one of the convergence criterion stated as

“ Ceiling on Central Bank financing of budget deficit to 10 per cent ...” (WAMI, 2002)

Contrary to WAMZ convergence criterion on placing a cap on central banks role of financing budget deficits to 10 per cent, the author proposes a zero tolerance to central bank’s financing budget deficit. Simply put, Central Banks of the West African region should not finance budget deficits or guarantee any debt of any institution including that of their respective governments for that matter. The non-servicing of budget deficit by central banks would strengthen their operations and make them autonomous, in other to achieving price stability for their respective countries. Autonomy of central banks is one of the important structural reforms of Bretton-Wood institutions as prescribed to governments of interest nation-states, also it is becoming one of the prime characteristics in a free market economy. A World Bank article entitled, How the independence of central bank affects policy outcomes, highlights the importance of central banks autonomy and the effects on fiscal policy of an economy as:

“By giving its ventral bank the mandate and reputation for maintaining price stability, a government can signal the strength of its commitment to price stability.....

The main findings are as follows: The more independent the central bank, the less the inflation---in industrial but not in developing countries. In the developing countries, the infrequency of change of the chief executive officer of the bank is a better proxy for central bank independence. And an index of overall central bank independence explains much of the cross-country variation in

inflation. Economists and practitioners in monetary policy generally believe that the independence of the central bank from other parts of government affects the rates of expansion of money and credit---and, through them, important macroeconomic variables, such as inflation and the size of the budget deficit." (Cukieman, A et al, 1992)

The findings of the World Bank economists on the role of central banks of developing economies as those of the ECOWAS member countries under study is of interest. The WAMZ convergence criterion on the cap in central banks financing of budget deficit confirms Cukierman Alex et al's study, which is a weakness to the macroeconomics of the West African region. The thought of autonomy of central banks as practised in Europe, and the above findings of the World Bank formed the bases upon which the author proposes a zero tolerance for central banks of West African countries financing of budget deficits of their respective governments and for that matter not even guaranteeing the debts of any institution apart from it selves. The non-financing of budget deficits by central banks of West African countries as suggested by author would lead to central banks gaining the autonomy it deserves.

Looking at the high inflation rates pertaining in all the "in countries" of the Ecozone, it is imperative on the central banks of all member countries to reduce money supply in their respective economies and resist the attempt of printing money to close deficits, and at the same time forbid advancing their treasuries. Instead, they (central banks of all "in countries" of the Ecozone) should target price stability and build a consistent culture of price stability, also they (central banks) must operate in a 'see through system' (transparency) by opening their books for independent auditors for periodic perusal. These suggested approaches would inevitably ensue in a lower inflation rate, lower interest rates, boost to business environment and reduction in unemployment levels, strengthening of national currency among other benefits.

Central Banks of the West African region non-financing of budget deficits of their respective states could be achieved contrary to the WAMZ convergence criterion on placing a cap of 10% on central banks ability to finance budget deficits. Data as presented by the central banks of the West African countries and West African Monetary Authority (WAMA) does confirm the author's possibility for central banks to operate non-finance of budget deficits.

Central bank financing of budget deficit of ECOWAS countries

| Year → | 1999 | 2000 | 2001 | 2002 | 2003 |
|---------------|--------------|-------------|-------------|-------------|--------------|
| Country ↓ | | | | | |
| Gambia, The | 0.0% | 0.0% | 0.0% | 0.0% | 54.3% |
| Ghana | 0.0% | 57.9% | 0.0% | 12.1% | 0.0% |
| Guinea | 16.6% | 17.6% | 0.0% | 23.9% | 18.8% |
| Nigeria | 63.4% | 0.0% | 0.0% | 0.0% | 10.7% |
| Sierra Leone | 89.8% | 0.0% | 9.2% | 0.0% | 0.0% |
| <i>WAMZ</i> | <i>54.6%</i> | <i>6.7%</i> | <i>0.1%</i> | <i>2.5%</i> | <i>10.2%</i> |
| Benin | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Burkina Faso | 0.0% | 10.5% | 0.0% | 0.0% | 3.2% |
| Cote d'Ivoire | 0.0% | 0.0% | 0.0% | 0.3% | 0.0% |
| Guinea-Bissau | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Mali | 0.0% | 0.0% | 8.6% | 0.0% | 0.0% |
| Niger | 31.2% | 0.0% | 4.9% | 4.0% | 4.2% |
| Senegal | 13.8% | 0.0% | 0.0% | 0.0% | 0.0% |
| Togo | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>WAEMU</i> | <i>3.3%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> | <i>0.0%</i> |
| Cape Verde | 0.0% | 14.6% | 0.0% | 0.0% | 0.0% |
| Liberia | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| <i>ECOWAS</i> | <i>37.1%</i> | <i>4.5%</i> | <i>0.1%</i> | <i>1.6%</i> | <i>6.7%</i> |

Figure 79. Sourced from Central banks / WAMA

Whiles central banks of advanced economies have maintained a policy of non-financing of their respective government's budget, with some developing economies emulating the same working perspective e.g. Turkey, WAMZ has gone ahead to legislate the converse being, central banks within the ECOWAS region should pre-finance their respective country budgets within an approved limit. WAMZ's policy of central banks financing their respective countries budget goes to:

- Undermine the much-needed autonomy of the central banks within the West African region.
- Making it very difficult for the respective countries to improve on their fiscal policies say inflation rates, interest rates, printing of money to off-set budget deficits, and exchange rates among other macroeconomic indicators.
- Innately inhibit "in countries" opportunity of attaining growth that is much needed in the region, specifically making the region FDI/TNCs comparatively unattractive and difficult to reducing the already high unemployment rates.
- Eroding gains of those central banks that are struggling to practice and maintain non-financing of their respective countries budget.

Benin, Guinea-Bissau and Togo are the only countries in the West African region whose central banks have succeeded in operating a strictly non-financing of budget deficits since years 1999 to 2003. The above-mentioned countries (Benin, Guinea-Bissau, Togo) are all WAEMU members, pointing to the fact that the CFA block is encouraging the autonomy of the central banks within its eclipse. Data as presented in figure 79 does confirm that WAEMU region as a whole is leaning

towards the operation of a continuous zero-tolerance of financing of their respective governments budget deficits from year 2000 to 2003, unlike their WAMZ counterparts.

Central banks of Cape Verde, Cote d'Ivoire, Liberia, Mali, and Senegal are the other ECOWAS members that have shown a high degree of attaining and maintaining the expected non-financing of their respective countries budget deficits, as illustrated in figure 79.

The central banks of the rest of the ECOWAS countries being; The Gambia, Ghana, Guinea, Nigeria, Sierra Leone, Burkina Faso and Niger though have at one time or the other recorded a non-financing of their respective countries budget, they general do not depict progressive signs of intending to operate in an environment of non-financing of budget deficits of their respective governments, nor do their governments intend to give the central banks the much-needed autonomy.

None of the Ecozone member countries has attained the author's criterion of non-financing of budget deficits by their respective central banks. All the same, since each member country has at on time or the other recorded non-financing of their governments' budget deficits, there is the probability that each proposed member country would attain the author's criterion. As a condition for the central banks of Ecozone member countries to achieve a non-financing of budget deficits of their respective governments, WAMZ authorities as matter of top priority should revoke the convergence criterion on financing of budget deficits by central banks. The rectified criterion must be that of the author's proposition being; central banks shall not finance budget deficit nor guarantee any debt of any institution including that of their governments'.

Budget Deficit as a percentage of Gross Domestic Product (GDP)

Governments all over the world incur debts towards balancing their budgets and from various other sources, and this has a direct effect on the determination of the economic well being of their economies. With the earlier proposition of central banks withdrawal from financing budget deficits, a lot of strain would eventually be placed on West African governments to operate with due diligence and work more in tax collection and other revenue generation schemes mentioned earlier as major sources of raising revenue, to make-up for budget pitfalls. The lower the budget shortfalls of an economy the stronger that economy is, hence assessing budget deficit to gross domestic product is one of the economic barometers.

Ideally, it is expected that governments as well as business entities and individuals must not spend more than they generate or earn, else the body runs into deficits. The higher the deficit the less economically healthy the institution, and the reverse being budget surplus connotes wealth.

All countries of the West African region are indebted both internally and externally, therefore the measurement of budget deficit could be looked either in parts or holistically. WAMZ being the governing body of the planned common currency (Eco) does measure budget deficit in parts, and as budget deficit (excluding grants) as ratio of GDP. As a test, WAMZ did set the budget deficit as a ratio of GDP at no more than 4 per cent. The author does disagree with the set WAMZ criterion of no more than 4 per cent permission of budget deficit as a percentage of GDP, and instead proposes a zero budget deficit and if possible a budget surplus.

Undoubtedly, WAMZ seems to adhere to the Richardian equivalence theory of budget deficit, which is the trend in most countries including United States of America. Proponents of the Richardian equivalence theory operate with the underlining reason that budget deficits do not matter. The mathematical representation of Richardian equivalence theory is:

$$G = T + \text{Budget Deficit}$$

Where, G stands for Government spending and T for taxes.

Their argument is government spending would be paid for by taxes or budget deficits. Another condition underlining the Richardian equivalence theory is that consumption is a function of disposable income. Though, Richardian equivalence theory seems to operate successfully in the Western advanced economies, it would only further deepen the already heavily indebted state of developing economies as those of the West African region. Another Criticism of the Richardian equivalence theory in relation to countries of the West African region, has to do with an increase in taxation to be levied on citizens to offset a simultaneous high budget deficits and an increasing government spending. As part of the highly probable ramifications of increasing tax levels in order to cater for government spending in the West African countries could be the trigger of political upheaval and the destabilization of the growing democratic tenets being cultivated. The author's proposal of economies of the West African region to work towards budget surplus as a percentage of GDP, implies the region should not tolerate Richardian equivalence theory as proposed and legislated by the WAMZ convergence criterion of placing a cap of 4 per cent budget of GDP.

Economic authorities that propose governments could finance their budget deficits by issuing bonds, treasury bills and the likes is to be eschewed by countries in the West Africa region. Since these (issuing bonds, treasury bills and the likes) measures have another advantage, which is the ability of reducing inflation rates, interest rates and at the same time stabilizing their currencies if not strengthening it. A statistical tabulation of budget deficits of the various West African countries is as on the next page.

Budget Deficit (excluding grants) / GDP

| Year → Country ↓ | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------|-------|-------|-------|-------|-------|--------|-------|
| Gambia, The | 4.4% | 3.6% | 9.8% | 9.1% | 7.6% | 8.6% | 7.4% |
| Ghana | 8.2% | 10.1% | 13.2% | 8.3% | 7.5% | 9.5% | 7.5% |
| Guinea | 5.8% | 5.2% | 5.4% | 8.0% | 9.2% | 4.0% | 0.8% |
| Nigeria | 8.9% | 1.5% | 3.2% | 3.9% | 2.0% | -10.9% | 1.1% |
| Sierra Leone | 14.9% | 17.3% | 16.5% | 16.5% | 14.4% | 12.5% | 12.3% |
| Benin | 1.6% | 3.6% | 2.8% | 2.0% | 4.4% | | |
| Burkina Faso | 11.8% | 11.7% | 12.1% | 10.8% | 12.4% | | |
| Cote d'Ivoire | 3.2% | 1.5% | 0.4% | 2.0% | 1.5% | | |
| Guinea- Bissau | 14.0% | 24.9% | 26.2% | 17.9% | 18.6% | | |
| Mali | 8.0% | 9.0% | 9.6% | 7.2% | 7.8% | | |
| Niger | 11.1% | 8.9% | 8.5% | 8.3% | 9.2% | | |
| Senegal | 3.3% | 1.6% | 3.9% | 3.1% | 4.3% | | |
| Togo | 4.6% | 5.0% | -0.1% | 1.0% | -0.5% | | |
| Cape Verde | 13.8% | 14.8% | 10.4% | 10.2% | 11.1% | | |
| Liberia | 0.5% | 0.9% | 1.6% | 1.3% | 0.02% | | |
| | | | | | | | |

Figure 80. Sourced from Central Banks, WAMZ Authorities and WAMI staff.

Some conclusions to be drawn from the data on budget deficit as a percentage of GDP in relation to the author's formulated convergence criterion as: member countries of ECOWAS region should eschew budget deficit and operate a budget surplus economy.

Nigeria

- Nigeria for once did record a budget surplus as a percentage of GDP in the year 2004. Precisely, the budget surplus as a percentage of GDP of Nigeria in the year 2004 was 10.9 per cent.
- Since the years 2000 to 2005, Nigerian economy did record a continuous low budget deficit in terms of ratio to the GDP.
- Nigeria is the only "in country" of the Ecozone whose economy is running on a very low budget deficit.

Togo

- Another country in the West African region that did record budget surplus as a percentage of GDP in years 2001 and 2003 is Togo. In the case of Togo, the government did record budget surplus as a percentage of GDP twice being years 2001 and 2003, as 0.1% and 0.5 per cent respectively.
- The government of Togo is establishing a continuous lowering of her budget deficit year-after-year and seeking to maintain an economy of budget surplus.

With the economies of Togo and Nigeria having recorded instances of budget surplus as a percentage of GDP, and also depicting trends of rapidly lowering budget deficits, the author's proposed convergence criterion is a pragmatic one. Nigeria is the only "in country" that is very likely to attained the author's criterion on budget deficit. Within the ECOWAS region, Togo and

Nigeria are the only two countries that have shown signs of being able to attained the convergence criterion on budget deficit as a ratio of GDP as proposed by the author.

In reference to the WAMZ convergence criterion on budget deficit being a cap of 4 per cent of GDP, the following observations could be deduced.

- Nigeria and Guinea are the only “in country” of the Ecozone that have attained the WAMZ convergence criterion on budget deficit as a ratio of GDP for years 2004 and 2005.
- Economies of Benin, Cote d’Ivoire, Senegal and Liberia are highly probably to achieve budget surplus as a ratio of their GDP’s, since records indicates their governments are running globally comparatively low budget deficits.

Economies of The Gambia, Ghana, and Sierra Leone are operating over and above the convergence criterion of both WAMZ and the author’s. Burkina Faso, Guinea-Bissau, Mali and Niger are other members of the WAEMU block whose economies are operating twice or more above the WAMZ criterion cap of no more than 4 per cent budget deficit as a ratio of GDP.

An in-depth assessment of Ghana’s budget deficit (as % of GDP) indicates an interesting trend. Employing time-series forecasting, the data in figure 80 points to a gradual decline in budget deficit year-after-year. Extracting Ghana’s data out of figure 80 is as shown below.

Budget Deficit (excluding grants) / GDP of Ghana

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------|------|-------|-------|------|------|------|------|
| Budget Deficit | 8.2% | 10.1% | 13.2% | 8.3% | 7.5% | 9.5% | 7.5% |

Figure 80a. Sourced from Central Banks, WAMZ authorities and WAMI staff

The predictive formula for Ghana’s budget deficit (% of GDP) is a straight line in a declining mood as: $Y = 10.5 - 0.321X$ (Where Y stands for the budget deficit as % of GDP and X for years, with year 1999 as the base year). The graph of Ghana’s budget deficit (as % of GDP) using the predictive formula is as below.

GRAPH OF BUDGET DEFICIT (% OF GDP) OF GHANA

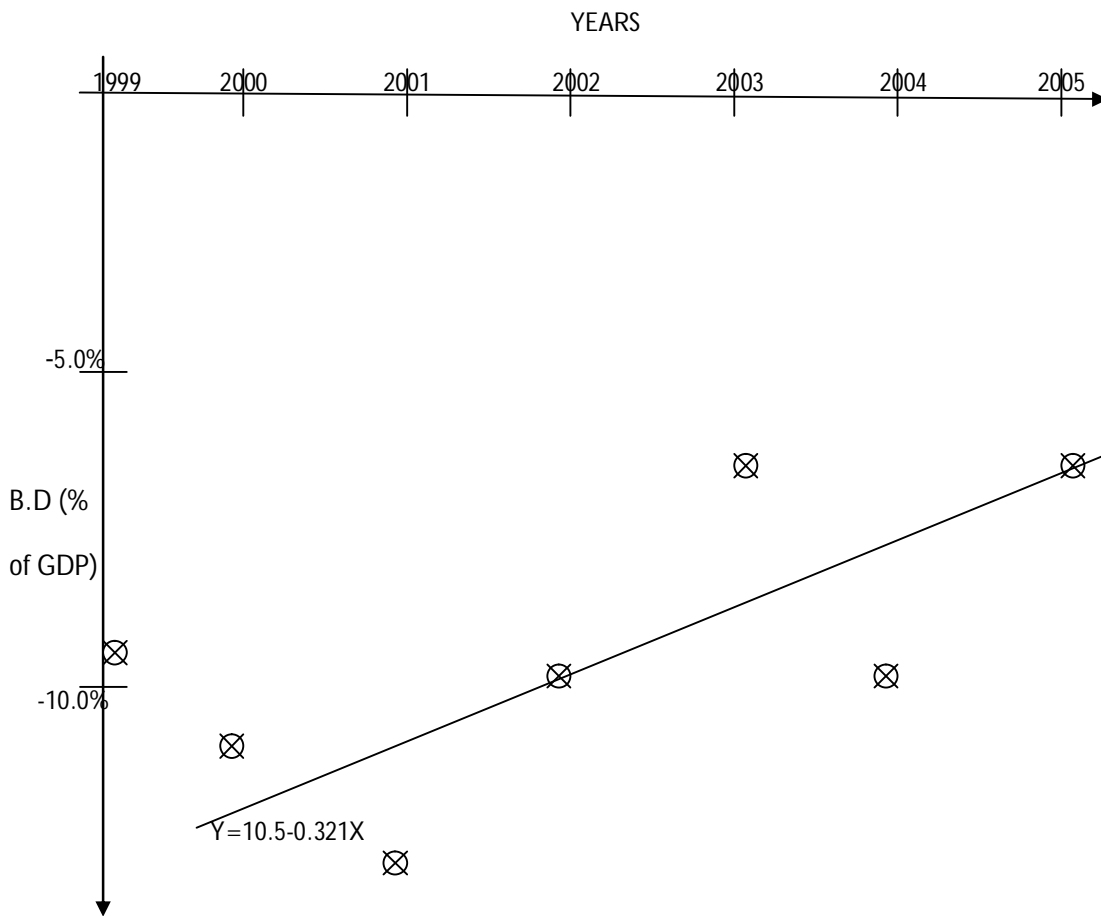


Figure 80b raw data sourced from figure 80a was used to plot the curve.

Inferring from the graph above (Figure 80b), it is noted that the budget deficit as a percentage of GDP of Ghana is on gentle decline and progressively heading for an even point. Thereafter, the Ghanaian economy could be predicted to experience a budget surplus, provided budget surplus is one of the convergence criteria as proposed by this dissertation.

A look at Gross Domestic Product (GDP) evolution of countries within the West African region could account for the pace of locally originated economic activities, though this assessment is not directly related to the convergence criterion. Also the external debt evolution of the countries in the region would point to whether the region is very likely to get out of her external debts

quickly or otherwise. Despite the insufficient data some observations about the GDP real growth rates vis-à-vis the external debts of the West African reveals some progressive trend as,

- Generally, while the region is benefiting from a gradual increment of GDP real growth rate year-after-year, the external debt is about the same year-after-year. This is an economically health sign for the West African region.
- The Nigerian economy is raising the highest GDP real growth in nominal terms in the West African region, interestingly she is the highest externally indebted nation within the region.
- Within the Ecozone, The Gambia is raising the least amount of GDP in nominal terms year-after-year and at the same time she has contracted the least external debts.
- Guinea-Bissau is the CFA block member country whose economy did raise the least GDP real growth in nominal terms, also with the least external debt.
- Cape Verde's economy is notably the least GDP real growth in nominal terms of the West African region, and with the least external debt of the entire the region.

The progressive trends of GDP real growth rate vis-à-vis external debt are the corresponding relationship between the two factors. Simply put, the country in the West African region with the highest revenue generation also is associated with the highest external debt, and the country with the lowest revenue raising ability is also complemented with the least external debt. Another positive trend in the external debt of countries in the West African region is the minimal difference in external debt year-on-year. Since it is inferred that, countries in the West African region are gradually reducing their dependence on external debt and at the same time their GDP real growths are increasing, it implies their economies are gradually improving, though at a very slow pace.

Summarizing the convergence criterion of the Eco as proposed by the author in a tabular form with decisions as:

Convergence criteria of Eco: Summary of 1999 - 2005

| | Growth: | | Inflation rate: | | Exchange rate | | Currency stability achieved? | Budget deficit (% of GDP) | | Central bank finance of budget deficit | |
|---------------|---------|------------|-----------------|----------|---------------|-----|------------------------------|---------------------------|-----|--|----------|
| | FDI | Employment | CPI | (% p.a.) | | | | | | | |
| Gambia, The | Yes | Yes | 8.8% | Probably | 30.38 | Yes | No | 4.4% | No | 54.3% | No |
| Ghana | Yes | Yes | 14.8% | No | 9,022.5 | No | No | 7.5% | No | 0.0% | Probably |
| Guinea | Yes | Yes | 25.0% | No | 2,550.0 | No | No | 0.8% | No | 18.8% | No |
| Nigeria | Yes | Yes | 13.5% | No | 132.59 | No | No | 1.1% | No | 10.7% | No |
| Sierra Leone | Yes | Yes | 0.89% | No | 2,889.60 | No | No | 12.3% | No | 0.0% | Yes |
| Benin | Yes | Yes | 3.5% | Yes | 527.47 | No | -- | 4.4% | No | 0.0% | Yes |
| Burkina Faso | Yes | Yes | 6.5% | No | 527.47 | No | -- | 12.4% | No | 3.2% | No |
| Cote d'Ivoire | Yes | Yes | 3.9% | Yes | 527.47 | No | -- | 1.5% | No | 0.0% | Yes |
| Guinea-Bissau | Yes | Yes | 4.0% | Yes | 527.47 | No | -- | 18.6% | No | 0.0% | Yes |
| Mali | Yes | Yes | 4.5% | Yes | 527.47 | No | -- | 7.8% | No | 0.0% | Yes |
| Niger | Yes | Yes | 0.2% | No | 527.47 | No | -- | 9.2% | No | 4.2% | No |
| Senegal | Yes | Yes | 1.7% | Probably | 527.47 | No | -- | 4.3% | No | 0.0% | Yes |
| Togo | Yes | Yes | 6.0% | No | 527.47 | No | -- | -0.5% | Yes | 0.0% | Yes |
| Cape Verde | Yes | Yes | 0.4% | No | 88.67 | No | -- | 11.1% | No | 0.0% | Yes |
| Liberia | Yes | Yes | 15.0% | No | 54.906 | No | -- | 0.02% | Yes | 0.0% | Yes |

Figure 81. Values of micro-economic indicators sourced from CIA World Factbook and Central Banks / WAMA

Summary of proposed author's Eco convergence criterion

| | |
|---|---|
| Inflation rate (consumer prices) | Ranging between 1.8% to 5.8% [$1.8 \leq \text{Inflation rate (average of EOWAS region)} \leq 5.8$] |
| Exchange rate | Ranging between (28.861 to 31.899) : US dollar [Strongest local currency to the US dollar for year 2005] |
| Currency stability | Currency fluctuations must be within $\pm 5\%$ for five consecutive years with 2005 as the base year. [$-5\% \leq \text{currency stability} \leq 5\%$] |
| Budget deficit (% of GDP) | Government must operate budget surplus with the worse being a break even. [Budget surplus ≥ 0] |
| Central Bank finance of budget deficit | Central banks must not finance budget deficits in any form. [Central bank finance of budget deficit = 0] |

The author's high standards of testing the macroeconomic dynamics of the West African region prior to the introduction of the common currency (Eco), has made it very difficult for any country in the region to have attained all the criteria, as at 2005. It calls for some fundamental changes in policies and orientation as pre-requisites by member countries, ECOWAS authorities, WAMZ authorities, WAEMU authorities, and regionalism researchers, in order for the common currency to be a functional success in an increasingly competitive global market place.

Should WAMZ modify their convergence criterion in line with the author's, the introduction of the common currency would enjoy benefits as:

- Eco would inevitably be a relatively strong currency in the global currency market place.

- The region would attract huge foreign investments than it is currently.
- Attract globally floating big-time money that is seeking a potentially stable and viable region to invest on its stock market.
- Reverse the high unemployment rate upon training and turning it into part of the wealth of the region.
- Elimination of transaction cost.
- Promote and accelerate intra-regional trade.
- Intensify the competitive nature of open market operations of the financial institutions with new products and broadening of their customer base.
- Broaden the market size by the removal of inhibiting immigration policies.
- Increased volume and variety of products for customers (nationals of the region) to choose.
- Reduce cross-country political tensions within the region, say Liberia and neighboring Sierra Leone, Cote d'Ivoire, also Ghana and Burkina Faso and neighboring Togo.
- Stabilizing the economies of member countries in the region.
- Harmonizing the economic approaches of the region for the implementation of a 'one-size fits all' policy.
- Operating and presenting the region as a gregarious industrial hub but with common economic strategies leading to a unified growth of the region.
- Growing and deepening of the democratic culture of the region by the WAMZ authorities and at the same time eschewing political upheavals code-named coup d'etat.
- Enjoying the benefits of cheaper oil and natural gas (petroleum products) with the elimination of transactional cost and a reduction of transportation cost.

- Low inflation rate.
- Commensurate low interest rate to boost industrial expansion and new start-ups, and the mortgage market.

In a nutshell should the Eco attain a low and economically accepted inflation rate, the interest rate would also drop low and would narrow the gap between the interest rates of the US and Euro, resulting in the strengthening of the Eco as a currency and appreciation of her commodities for export, such as minerals (metals and non-metals) which are in abundance in the West African region.

Even Ecosceptics as Masson Paul and Milkiewicz Heather do agree with the monetary union gaining some advantages as,

“Monetary union can in fact address very few of Africa’s fundamental ills. At best, it can produce low inflation, but it can not guarantee growth, and at worst, it can distract attention from essential issues.” (Masson P, and Milkiewicz H, 2003)

Relevant criticisms raised by Ecosceptics include:

- the Eco would be a short-lived common currency, in that it is to be succeeded by an African common currency. Masson P. and Milkiewicz H. 2003 did mention that, “The 1991 Abuja Treaty establishing the African Economic Community outlines six stages for achieving a single monetary zone for Africa that were set to be completed by 2028. In the early stages, regional cooperation and integration within Africa would be strengthened, and this could involve regional monetary unions. The final stage involves the establishment of African Central Bank (ACB) and creation of a single African currency and an African Economic and Monetary Union.” (Masson, P and Milkiewicz H, 2003)

The short life span of the Eco as planned by the African Union in the 1991 Abuja Treaty would undermine its strength, stability, international recognition and convertibility among other long-term benefits it is supposed to have gained over the years of existence.

Theoretically, the life span of would be Eco is nineteen (19) years, which is from conception of Eco to introduction of single African currency. A currency with a foreseeable life span of nineteen (19) years as planned for Eco is in itself not worth circulating, since it would cause more economic confusion for the West African region than anticipated.

- The voting rights of member “in countries” of the Eco with specifics to the role of Nigeria in the region.

“Given Nigeria’s much larger size, large budget deficit, generally undisciplined fiscal policies... Nigeria has the potential to influence monetary policies in ways that potential partners in a monetary union would find undesirable.”

(Masson P, and Milkiewicz, H 2003)

Though the above-mentioned weakness is difficult to counter, with the author’s proposed ‘one-size fits all’ policy, adopting the author’s convergence criteria and an equal representation of member countries on the West African Central Bank and other similar institutions, the anticipated problem could be resolved.

- It is difficult to deny the fact of the fragile nature of the local currencies pertaining in the West African region including the CFA, could affect the stability of the Eco even besides its short life span.

Operational Definitions

All words used in this dissertation have their contextual meaning, all the same economic terminologies employed are based on the definitions and parameters of the CIA and World Bank as presented for uniformity.

Debt - external

This entry gives the total public and private debt owed to non-residents repayable in foreign currency, goods, or services. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Current Account Balance

This entry records a country's net trade in goods and services, plus net earnings from rents, interest, profits, and dividends, and net transfer payments (such as pension funds and worker remittances) to and from the rest of the world during the period specified. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Budget

This entry includes *revenues*, *expenditures*, and capital expenditures. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Agricultural - products

This entry is an ordered listing of major crops and products starting with the most important.

(CIA - The World Factbook 2006).

Economic aid - donor

This entry refers to net official development assistance (ODA) from Organization for Economic Cooperation and Development (OECD) nations to developing countries and multilateral organizations. ODA is defined as financial assistance that is concessional in character, has the main objective to promote economic development and welfare of the less developed countries (LDCs), and contains a grant element of at least 25%. The entry does not cover other official flows (OOF) or private flows. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Economic aid - recipient

This entry, which is subject to major problems of definition and statistical coverage, refers to the net inflow of Official Development Finance (ODF) to recipient countries. The figure includes assistance from the World Bank, the IMF, and other international organizations and from individual nation donors. Formal commitments of aid are included in the data. Omitted from the data are grants by private organizations. Aid comes in various forms including outright grants and loans. The entry thus is the difference between new inflows and repayments. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms.

(CIA - The World Factbook 2006).

Economy

This category includes the entries dealing with the size, development, and management of productive resources, i.e., land, labor, and capital. (CIA - The World Factbook 2006).

Electricity - consumption

This entry consists of total electricity generated annually plus imports and minus exports, expressed in kilowatt-hours. The discrepancy between the amount of electricity generated and/or imported and the amount consumed and/or exported is accounted for as loss in transmission and distribution. (CIA - The World Factbook 2006).

Electricity - export

This entry is the total exported electricity in kilowatt-hours. (CIA - The World Factbook 2006).

Electricity - imports

This entry is the total imported electricity in kilowatt-hours. (CIA - The World Factbook 2006).

Electricity - production

This entry is the annual electricity generated expressed in kilowatt-hours. The discrepancy between the amount of electricity generated and/or imported and the amount consumed and/or exported is accounted for as loss in transmission and distribution. (CIA - The World Factbook 2006).

Exchange rates

This entry provides the official value of a country's monetary unit at a given date or over a given period of time, as expressed in units of local currency per US dollar and as determined by international market forces or official fiat. (CIA - The World Factbook 2006).

Exports

This entry provides the total US dollar amount of merchandise exports on an f.o.b. (free on board) basis. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Exports commodities

This entry provides a rank ordering of exported products starting with the most important; it sometimes includes the percent of total dollar value. (CIA - The World Factbook 2006).

Exports - partners

This entry provides a rank ordering of trading partners starting with the most important; it sometimes includes the percent of total dollar value. (CIA - The World Factbook 2006).

Foreign direct investment

Is the net inflow of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. (<http://globalis.gvu.unu.edu>)

Fiscal year

This entry identifies the beginning and ending months for a country's accounting period of 12 months, which often is the calendar year but which may begin in any month. All yearly references are for the calendar year (CY) unless indicated as a noncalendar fiscal year (FY).

(CIA - The World Factbook 2006).

Gross domestic product (GDP) - purchasing power parity

This entry gives the gross domestic product (GDP) or value of all final goods and services produced within a nation in a given year. A nation's GDP at purchasing power parity (PPP) exchange rates is the sum value of all goods and services produced in the country valued at prices prevailing in the United States. This is the measure most economists prefer when looking at per-capita welfare and when comparing living conditions or use of resources across countries. The measure is difficult to compute, as a US dollar value has to be assigned to all goods and services in the country regardless of whether these goods and services have a direct equivalent in the United States (for example, the value of an ox-cart or non-US military equipment); as a result, PPP estimates for some countries are based on a small and sometimes different set of goods and services. In addition, many countries do not formally participate in the World Bank's PPP project that calculates these measures, so the resulting GDP estimates for these countries may lack precision. For many developing countries, PPP-based GDP measures are multiples of the official exchange rate (OER) measure. The difference between the OER- and PPP-denominated GDP values for most of the wealthy industrialized countries are generally much smaller. (CIA - The World Factbook 2006).

GDP - per capita (ppp)

This entry shows GDP on a purchasing power parity basis divided by population as of 1 July for the same year. (CIA - The World Factbook 2006).

GDP - methodology

In the Economy category, GDP dollar estimates for countries are reported both on an official exchange rate (OER) and a purchasing power parity (PPP) basis. Both measures contain information that is useful to the reader. The PPP method involves the use of standardized international dollar price weights, which are applied to the quantities of final goods and services produced in a given economy. The data derived from the PPP method probably provides the best available starting point for comparisons of economic strength and well-being between countries. In contrast, the currency exchange rate method involves a variety of international and domestic financial forces that may not capture the value of domestic output. Furthermore, exchange rates may suddenly go up or down by 10% or more because of market forces or official fiat whereas real output has remained unchanged. On 12 January 1994, for example, the 14 countries of the African Financial Community (whose currencies are tied to the French franc) devalued their currencies by 50%. This move, of course, did not cut the real output of these countries by half. Whereas PPP estimates for OECD countries are quite reliable, PPP estimates for developing countries are often rough approximations. In developing countries with weak currencies, the exchange rate estimate of GDP in dollars is typically one-fourth to one-half the PPP estimate. Most of the GDP estimates for developing countries are based on extrapolation of PPP numbers published by the UN International Comparison Program (UNICP) and by Professors Robert Summers and Alan Heston of the University of Pennsylvania and their colleagues. GDP derived using the OER method should be used for the purpose of calculating the share of items such as exports, imports, military

expenditures, external debt, or the current account balance, because the dollar values presented in the *Factbook* for these items have been converted at official exchange rates, not at PPP. One should use the OER GDP figure to calculate the proportion of, say, Chinese defense expenditures in GDP, because that share will be the same as one calculated in local currency units. Comparison of OER GDP with PPP GDP may also indicate whether a currency is over- or under-valued. If OER GDP is smaller than PPP GDP, the official exchange rate may be undervalued, and vice versa. However, there is no strong historical evidence that market exchange rates move in the direction implied by the PPP rate, at least not in the short- or medium-term. Note: the numbers for GDP and other economic data should not be chained together from successive volumes of the *Factbook* because of changes in the US dollar measuring rod, revisions of data by statistical agencies, use of new or different sources of information, and changes in national statistical methods and practices.

(CIA - The World Factbook 2006).

Gross National Product (GNP)

Gross national product (GNP) is the value of all final goods and services produced within a nation in a given year, plus income earned by its citizens abroad, minus income earned by foreigners from domestic production. The *Factbook*, following current practice, uses GDP rather than GNP to measure national production. However, the user must realize that in certain countries net remittances from citizens working abroad may be important to national well-being.

(CIA - The World Factbook 2006).

Imports

This entry provides the total US dollar amount of merchandise imports on a c.i.f. (cost, insurance, and freight) or f.o.b. (free on board) basis. These figures are calculated on an exchange rate basis, i.e., not in purchasing power parity (PPP) terms. (CIA - The World Factbook 2006).

Imports - commodities

This entry provides a rank ordering of imported products starting with the most important; it sometimes includes the percent of total dollar value. (CIA - The World Factbook 2006).

Imports - partners

This entry provides a rank ordering of trading partners starting with the most important; it sometimes includes the percent of total dollar value. (CIA - The World Factbook 2006).

Industrial production growth rate

This entry gives the annual percentage increase in industrial production (includes manufacturing, mining, and construction). (CIA - The World Factbook 2006).

Industries

This entry provides a rank ordering of industries starting with the largest by value of annual output. (CIA - The World Factbook 2006).

Inflation rate (consumer prices)

This entry furnishes the annual percent change in consumer prices compared with the previous year's consumer prices. (CIA - The World Factbook 2006).

Labour force

This entry contains the total labor force figure. (CIA - The World Factbook 2006).

Land boundaries

This entry contains the total length of all land boundaries and the individual lengths for each of the contiguous border countries. (CIA - The World Factbook 2006).

Languages

This entry provides a rank ordering of languages starting with the largest and sometimes includes the percent of total population speaking that language. (CIA - The World Factbook 2006).

Nationality

This entry provides the identifying terms for citizens - *noun* and *adjective*.
(CIA - The World Factbook 2006).

Natural gas - consumption

This entry is the total natural gas consumed in cubic meters (cu m). The discrepancy between the amount of natural gas produced and/or imported and the amount consumed and/or exported is due to the omission of stock changes and other complicating factors.

(CIA - The World Factbook 2006).

Natural gas - exports

This entry is the total natural gas exported in cubic meters (cu m).

(CIA - The World Factbook 2006).

Natural gas - imports

This entry is the total natural gas imported in cubic meters (cu m).

(CIA - The World Factbook 2006).

Natural gas - production

This entry is the total natural gas produced in cubic meters (cu m). The discrepancy between the amount of natural gas produced and/or imported and the amount consumed and/or exported is due to the omission of stock changes and other complicating factors.

(CIA - The World Factbook 2006).

Natural gas - proved reserves

This entry is the stock of proved reserves of natural gas in cubic meters (cu m). Proved reserves are those quantities of natural gas, which, by analysis of geological and engineering data, can be estimated with a high degree of confidence to be commercially recoverable from a given date forward, from known reservoirs and under current economic conditions.

(CIA - The World Factbook 2006).

Natural resources

This entry lists a country's mineral, petroleum, hydropower, and other resources of commercial importance. (CIA - The World Factbook 2006).

Oil - consumption

This entry is the total oil consumed in barrels per day (bbl/day). The discrepancy between the amount of oil produced and/or imported and the amount consumed and/or exported is due to the omission of stock changes, refinery gains, and other complicating factors. (CIA - The World Factbook 2006).

Oil - exports

This entry is the total oil exported in barrels per day (bbl/day), including both crude oil and oil products. (CIA - The World Factbook 2006).

Oil - imports

This entry is the total oil imported in barrels per day (bbl/day), including both crude oil and oil products. (CIA - The World Factbook 2006).

Oil - production

This entry is the total oil produced in barrels per day (bbl/day). The discrepancy between the amount of oil produced and/or imported and the amount consumed and/or exported is due to the omission of stock changes, refinery gains, and other complicating factors.
(CIA - The World Factbook 2006).

Oil - proved reserves

This entry is the stock of proved reserves of crude oil in barrels (bbl). Proved reserves are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with

a high degree of confidence to be commercially recoverable from a given date forward, from known reservoirs and under current economic conditions. (CIA - The World Factbook 2006).

Population

This entry gives an estimate from the US Bureau of the Census based on statistics from population censuses, vital statistics registration systems, or sample surveys pertaining to the recent past and on assumptions about future trends. The total population presents one overall measure of the potential impact of the country on the world and within its region. Note: starting with the 1993 *Factbook*, demographic estimates for some countries (mostly African) have explicitly taken into account the effects of the growing impact of the HIV/AIDS epidemic. These countries are currently: The Bahamas, Benin, Botswana, Brazil, Burkina Faso, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Democratic Republic of the Congo, Republic of the Congo, Cote d'Ivoire, Ethiopia, Gabon, Ghana, Guyana, Haiti, Honduras, Kenya, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Swaziland, Tanzania, Thailand, Togo, Uganda, Zambia, and Zimbabwe. (CIA - The World Factbook 2006).

Population below poverty line

National estimates of the percentage of the population falling below the poverty line are based on surveys of sub-groups, with the results weighted by the number of people in each group. Definitions of poverty vary considerably among nations. For example, rich nations generally employ more generous standards of poverty than poor nations. (CIA - The World Factbook 2006).

Population growth rate

The average annual percent change in the population, resulting from a surplus (or deficit) of births over deaths and the balance of migrants entering and leaving a country. The rate may be positive or negative. The growth rate is a factor in determining how great a burden would be imposed on a country by the changing needs of its people for infrastructure (e.g., schools, hospitals, housing, roads), resources (e.g., food, water, electricity), and jobs. Rapid population growth can be seen as threatening by neighboring countries. (CIA - The World Factbook 2006).

Public debt

This entry records the cumulative total of all government borrowings less repayments that are denominated in a country's home currency. Public debt should not be confused with external debt, which reflects the foreign currency liabilities of both the private and public sector and must be financed out of foreign exchange earnings. (CIA - The World Factbook 2006).

Reserves of foreign exchange and gold

This entry gives the dollar value for the stock of all financial assets that are available to the central monetary authority for use in meeting a country's balance of payments needs as of the end-date of the period specified. This category includes not only foreign currency and gold, but also a country's holdings of Special Drawing Rights in the International Monetary Fund, and its reserve position in the Fund. (CIA - The World Factbook 2006).

Remittances

Remittances are defined as the portions of cross-border earnings that migrants send home. There are two types, official and unofficial. Official transfers use banks, money-transfer organizations and

sometimes the Internet. Unofficial remittances are sent through friends or migrants themselves or through traditional networks, known in some countries as hawala or chiti, which allow money deposited with a trader in one country to be paid out by a partner in the recipient country.

(Africa Renewal, 2005)

Unemployment rate

This entry contains the percent of the labor force that is without jobs. Substantial underemployment might be noted. (CIA - The World Factbook 2006).

HYPOTHESIS

With Ghana among the five member ECOWAS countries (Gambia The, Guinea, Nigeria, and Sierra Leone) having signed the Accra declaration on 20th April 2000 of creating and irrevocably replacing their national currencies for the common currency to be called Eco, it is imperative for academics and interest parties (Bretton-Wood institutions, Business community among others) alike to investigate the possibility of her attaining the convergence criterion as prescribed by the author.

Secondly, the unification of the existing common currency in the ECOWAS region being CFA and the proposed Eco as the next stage of the regionalism by ECOWAS authorities, that would place Ghana in a wider economic block provokes economic thoughts. Hence, it is worth assessing her (Ghana's) plausibility of benefiting from the growth that is associated with common currency regionalism.

Comparing empirical economic data with perceptual economic reasoning from multivariate sources and randomly sampled members of the Ghanaian public respectively forms the bases of the hypothesis of this study. Public acceptance of a common currency is a major endorsement of any currency especially in a region that is noted as very young in the practice of democracy, coupled with the fact that the countries forging the common currency (Eco) are relatively young. Although the Eco could be introduced as an elitist approach, it would be more appropriate that public opinion termed perceptual reasoning needs to be incorporated in the assessment of its eligibility. Further, due to the fact that some countries in the West African region have just come out of political instability say, Cote d'Ivoire, Liberia and Sierra Leone, it is more prudent to focus the study on the perceptions of members of a country that is relatively experienced in the democratic culture within the region as Ghana.

This unique study has evolved a two-stage hypotheses testing. The first stage of testing hypotheses is in relation with a section of the perception of Ghanaian public's view of the domestic economy in conjunction with the introduction of the Eco. Then a subsequent stage of hypotheses is in line with comparing empirical evidence as against public perception (cross section of Ghanaians).

Stage 1 – Hypotheses

With regards to a cross section of Ghanaian public's perception on the domestic economy and their understanding of the Eco. Hence the following null hypotheses were adopted.

- a. Knowledge of the Eco and commitment to the Eco does not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

- b. Perception of Growth, Job creation and Foreign Direct Investment (FDI) does not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

- c. Awareness of inflation does not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

4. Perception of central bank (Bank of Ghana) financing of budget deficit does not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

5. Observations of the exchange rate system do not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

6. Acuity of currency stability does not differ across the social class system in Ghana.

Mathematically represented as:

$$H_0 : \mu_1 = \mu_2 = \mu_3$$

ANalysis of VAriance between groups (ANOVA) was employed as the statistical formula to test hypotheses stage 1. There after, matching hypotheses stage 1 to hypotheses stage 2 as below.

Stages 2 - Hypotheses

The following are the null hypotheses (H_0) of this study as:

1. There is no significant difference between empirical evidence and public perception on economic growth should Ghana be a member of the Ecozone when introduced.
2. There is no significant difference between empirical evidence and public perceptual reasoning on the inflation rate of Ghana in attaining the convergence criterion.
3. There is no significant difference between empirical evidence and public perception on budget deficit of Ghana in attaining the convergence criterion.

- d. There is no significant difference between empirical evidence and public perception on central banks roles in financing of budget deficit of Ghana in attaining the convergence criterion.
- e. There is no significant difference between empirical evidence and public perception on the exchange rate of the Ghanaian cedi in attaining the convergence criterion.
- f. There is no significant difference between empirical evidence and public perceptual reasoning on currency stability of the Ghanaian cedi prior to Eco.

The six (6) tests above (stage 2 hypotheses) are based on the author's convergence criterion as stated on page 249. Public knowledge of the Eco and commitment to Eco is classified as a secondary criterion and tested only at stage 1 hypotheses, however important it is there are no empirical data that is been published for matching to occur at stage 2 of hypotheses testing.

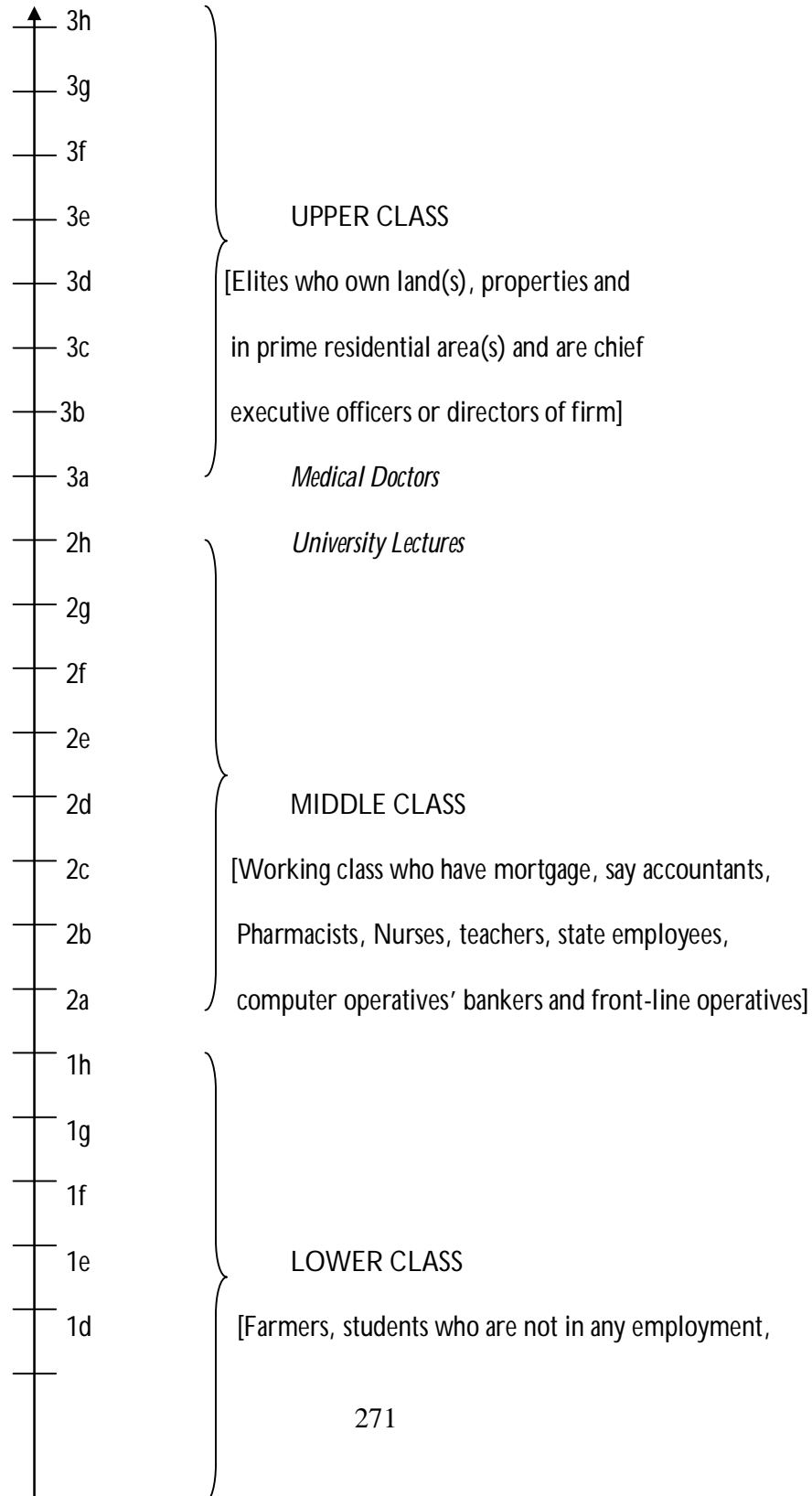
METHODOLOGY

Simple random sampling technique was adopted to select the two hundred (200) subjects from various sections that cut across the social class of the Ghanaian community. The social class network in Ghana is as represented: Lower class – Middle class – Upper class. Segmenting the Ghanaian population from the bottom-up approach, it could be represented as follows. A sizeable portion of the Ghanaian population are termed the very poor who are classified as below the poverty line with an estimated proportion of 31 per cent, followed in an upward manner, is the poor who form the majority of the population and are mostly subsistent farmers consisting of 60 per cent of the total population. Another stage of the lower class are the students (of all levels of formal education) who are mostly dependants and some portion of the working class who earn below \$100 per calendar month – pcm (mostly government and public sector workers who are from the cleaners up to the clerical staff). Middle class includes professionals as teachers, traders, small-scale business proprietors, civil service managers and directors, front desk operatives of banks, army officers and police officers. Then the upper class is made of investment bankers and bank directors, directors of state institutions, politicians, medical officers and accountants among others. For the purpose of this study, the social class standard is defined on the bases of earnings and status of employment, land ownership and house ownership on freehold or lease, type of bank accounts, duration of running the bank accounts, classification of residential area, and level of education in a point scoring system. Each of the reference points mentioned-above scores a point each on the social class hierarchy ladder of Ghana. It must be noted that the social class hierarchy is a continuum and not a rigid classification. Further, the social class classification of Ghana is mostly perceived as a bottom–up scheme and in few cases does the reverse occur, which is the change in

social order. The classification labeled below 1b on the social class hierarchy of Ghana on page 270

is termed, below the poverty line. The social class scheme is as:

Social Class Hierarchy of Ghana



- 1c private house rentals in least developed areas, earn salaries
below \$100 pcm.

Sampling and Subjects

Purposive sampling was initially used to select the target groups of the social class system in Ghana, and then simple random sampling was later employed to obtain the required two hundred (200) subjects.

Fifty University of Ghana students in the adult education department were randomly selected on the bases of every fourth student on the rota, to respond to the questionnaire. This category of subjects represents the lower class.

Of the middle class, fifty journalists from the journalist association rota were administered with the questionnaire. Simple random sampling technique was employed in the selection of the journalist on the bases of every fourth professional on the Ghana Journalist Association's rota.

Ghanaian international traders who operate between their home market and any other market of Togo, Nigeria, other ECOWAS member countries, China, Dubai, EU or US form the upper class subjects for this study. Here, random sampling technique was employed in order to secure the fifty international Ghanaian traders as subjects, from the main market place that is Markola in Accra the capital of Ghana. A tailored questionnaire was also administered to this group at their home base market place.

Fifty investment bankers sourced from the list of banks operating in Ghana, on the bases of five from each bank were asked politely to complete a tailored questionnaire for this category. The investment bankers fall within the upper class social class in Ghana.

Sampling technique and selection of subjects employed in this study was devoid of sex and age considerations. Therefore, one of the weakness associated with this study is sex and age biases.

Further studies could explore sexism and ageism in relation to the introduction of the common currency of West African region.

Materials and Procedure

Three sets of questionnaires was designed and handed out to the individuals of the three categories of social class in Ghana, to be completed by subjects voluntarily. Specimen of the questionnaire is noted as on pages 279 to 286. Specifically, students were handed out with questionnaires tailored for the lower class that of the middle class questionnaire went to the Journalists and the upper class questionnaires went to the international Ghanaian traders.

- Group 1: comprise of students of the Adult Education Institute of University of Ghana.
- Group 2: were Journalists in Ghana.
- Group 3: were international Ghanaian traders.

Design: A simple design of the respective groups and their questionnaire are as follows.

Group 1: Students completed questionnaire A.

Group 2: Journalist completed questionnaire B.

Group 3: Ghanaian traders who carry out cross-border trade completed questionnaire C.

In order for this study to obtain a broad perception of the Ghanaian public about the Ghanaian economy and the related issues of adopting the common currency (Eco), the sampling was made to cut across the social class system of the Ghanaian society. With a 74.8 per cent of the Ghanaian population being literate, coupled with a recorded median age as 19.9 years (courtesy CIA) it was thought appropriate that students be included in this study. As per CIA records, 57.7 per cent of the Ghanaian population falls within the age range of 15 – 64 years, it implies the study must focus on the middle ages who are also economically active, besides the aged comprise of only

3.5 per cent and worse of all the economy does not have any obligatory financial support for neither the aged nor children. Therefore, the selection of journalists, international traders and investment bankers are suitable groups as subjects. It is believed journalists are following in developments in the region cum their roles as check on the country's authorities and at the same time educating the populace gives an added credence to their selection as subjects. Since cross border traders deal with varying currencies and currency convertibility, understand the real life implications of issues as interest rates, inflation rates and the likes since it impacts on their business, it would be difficult to ignore this group. Investment bankers have as a plus their implementing role in foreseeing central bank and government fiscal policies.

Scoring

Each subject fills the questionnaire and the grading of each question is as such. The scores attached the responses are for the purposes of differentiating and do not carry any quantitative value.

Public knowledge and commitment to West African common currency

| | | | | |
|-------------|-----------------------|-------------------------|-------------------------------|--|
| Question 4. | Yes - 2 marks | No - 1 mark | | |
| Question 5. | Don't know - 1 | one - 2 mark | two - 3 marks | |
| | Three - 4 marks | four - 5 marks | five - 6 marks | |
| Question 6. | Not feasible - 1 | Irrelevant - 2 mark | May be - 3 marks | |
| | Possible - 4 marks | Very possible - 5 marks | Strongly Realisable - 6 marks | |
| Question 7. | Not Possible - 1marks | | Little chance - 2 marks | |
| | Possible 3 marks | | Highly Feasible - 4 marks | |
| Question 8. | Yes - 2 marks | No - 1 marks | | |

Growth, Job creation and Foreign direct investment

- Question 10. High volume of buz. fold-up - 1 mark Low volume of buz. fold-up - 2 marks No change - 3 marks
Low volume of buz. set-up - 4 marks High volume of buz. set-up - 5 marks
- Question 11. High volume of buz. fold-up - 1 mark Low volume of buz. fold-up - 2 marks No change - 3 marks
Low volume of buz. set-up - 4 marks High volume of buz. set-up - 5 marks
- Question 12. Very Difficult - 4 marks Difficult - 5 marks Do not know - 3 marks
Easy - 2 marks Very Easy - 1 mark
- Question 13. Higher increase in unemployment - 1 mark Increase unemployment - 2 marks
No increase in Employment levels – 3 marks Increase in employment – 4 marks
Higher increase in employment - 5 marks
- Question 14. Regressive - 1 mark No change - 2 marks
Increase - 3 marks High increase - 4 marks
- Question 15. Regressive growth – 1 mark Progressive growth – 2 marks

Inflation

- Question 16. Fragile (Not stable) - 1 mark Stable - 2 marks
- Question 17. Highly reduced expenditure - 1 mark Reduced expenditure - 2 marks
No change - 3 marks Increased expenditure – 4 marks

| | | | |
|--------------|--|-------------------------------------|---------------------|
| | Highly increased expenditure - 5 marks | | |
| Question 18. | Highly reduced expenditure - 1 mark | Reduced expenditure - 2 marks | |
| | No change - 3 marks | Increased expenditure - 4 marks | |
| | Highly increased expenditure - 5 marks | | |
| Question 19. | Do not know - 1 mark | No change - 2 marks | |
| | Significant rise in price - 3 marks | Significant fall in price - 4 marks | |
| Question 20. | Highly increased – 1 mark | Increased - 2 marks | No change – 3 marks |
| | Reduced - 4 marks | Highly reduced – 5 marks | |
| Question 21. | Highly unfavorable – 1 mark | Unfavorable – 2 marks | No change – 3 marks |
| | Favorable - 4 marks | Highly favorable – 5 marks | |
| Question 22. | Budget surplus - 2 marks | Budget deficit - 1 mark | |
| Question 23. | Very poor – 3 mark | Poor - 4 marks | |
| | Average - 2 marks | Rich - 1 mark | |
| Question 24. | Increased indebtedness - 1 mark | Frozen indebtedness - 2 marks | |
| | Break even - 3 marks | Consistent surplus – 4 marks | |
| | Increasing surplus – 5 marks | | |

Question 25. Dependent on foreign Donations/aid/grants... - 2 marks Financial independent – 1 marks

Central bank financing of budget deficit

Question 26. Government control - 1 mark Semi-autonomous – 2 marks

Autonomous - 3 marks

Question 27. Solely government – 3 marks Central banks and government - 2 marks Solely central bank – 1 mark

Question 28. Solely government – 1 mark Bank of Ghana (central bank) – 2 marks

Question 29. Full financing of budget - 1 mark Partial-financing of budget - 2 marks Non-financing of budget – 3 marks

Exchange rate

Question 30. Weakest - 5 marks Weak- 4 marks Average - 3 marks
Strong – 2 marks Strongest – 1 mark

Question 31. Enabling (promotes growth and profits) – 1 mark Disabling (inhibits growth and profits) – 2 marks

Question 32. Yes - 1 mark No - 2 marks

Question 33. Positive effect (improve economy) – 1 mark No effect - 2 marks Adverse effect on economy - 3 marks

Currency stability

Question 34. Unstable – 1 mark Do not know – 2 marks Stable – 3 marks

Question 35. Solely government fixing – 1 mark Bank of Ghana (central bank fixing) – 2 marks Open market operations – 3 marks

Question 36. Destabilizing – 1 mark Do not know – 2 marks Enhancing – 3 marks

Question 37. Destabilizing – 1 mark Do not know – 2 marks Enhancing – 3 marks

After scoring the completed questionnaire by subjects, Analysis of variance (ANOVA) is the most appropriate tool to be employed in discussing the details of all the groups in parts. Specifically, ANOVA was used to determine the difference in the groups (social class) perception of each convergence criteria, and then used to test the hypothesis.

QUESTIONNAIRE

In order to assess the state of the Ghanaian economy prior to the introduction of the West African common currency (Eco), it would be very useful to receive your views related to the subject. Please be informed your views forms part of the Doctor of Philosophy study in this area, therefore it would be much appreciated if you could complete the questionnaire. Please be informed that your personal data would be treated in the confidential manner as the data protection act of the United Kingdom.

Personal data

1. Name: _____
2. Address: _____
3. Which of the following best describes your area
A. Student B. Journalist
D. Banker C. International trader

Part I Public knowledge and commitment to West African common currency

4. Have you heard of the West African common currency to be called Eco?

Yes No

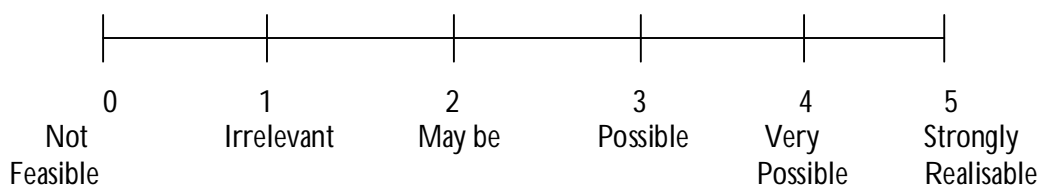
If the response to Q.4 is No, then automatically the response to Q.5 is Don't know

5. How many countries are expected to irrevocably adopt the Eco?

Don't know one two

Three four five

6. Do you foresee the introduction of the Eco within the next five (5) years?



7. How would you measure Ghana's chances of attaining membership of the common currency block (Ecozone) and irrevocably replacing the Cedi.

| | | | |
|--------------|--------------------------|--------------------------|-----------------|
| Not Possible | <input type="checkbox"/> | <input type="checkbox"/> | Little chance |
| Possible | <input type="checkbox"/> | <input type="checkbox"/> | Highly Feasible |

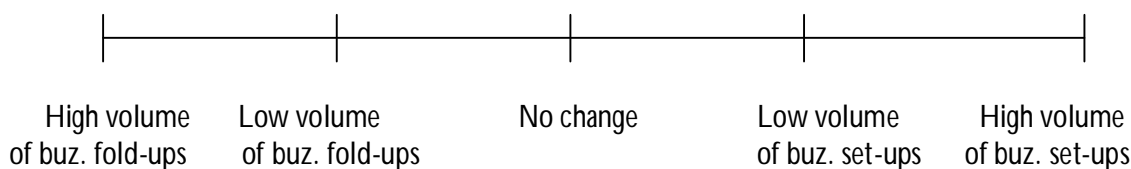
8. Do you foresee the Eco in circulation at least twenty years after its introduction?

| | | | |
|-----|--------------------------|----|--------------------------|
| Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
|-----|--------------------------|----|--------------------------|

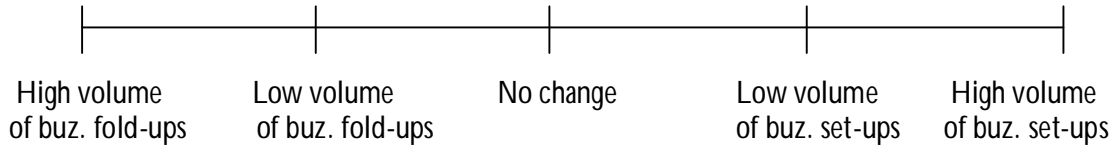
9. Please could you indicate the reason behind your response to Q.8

Part II Growth, Job creation and Foreign direct investment

10. How would you rank the volume and velocity of foreign business set-up or otherwise in Ghana between the periods of 2000 to 2005 (pre-Eco era).



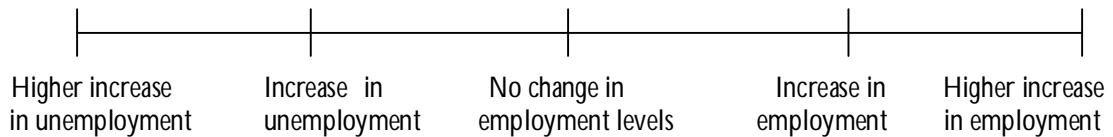
11. How would you order the volume and velocity of foreign business set-ups or otherwise should Ghana join the Ecozone within five years of its introduction (post Eco).



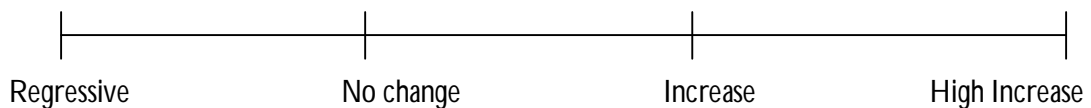
12. How easy is it to get employment in Ghana within the periods of 2000 to 2005 (pre-Eco era), especially for school leavers.

| | | | | | |
|----------------|--------------------------|-----------|--------------------------|-------------|--------------------------|
| Very Difficult | <input type="checkbox"/> | Difficult | <input type="checkbox"/> | Do not Know | <input type="checkbox"/> |
| Easy | <input type="checkbox"/> | Very Easy | <input type="checkbox"/> | | |

13. What is your perception about the chances of volume of employment in Ghana should she join the Ecozone within five years of the introduction of the Eco.



14. How would you grade the anticipation in volume and retunes on intra-regional trade should Ghana join the Ecozone when it is introduced within five years (post Eco).



15. Would Ghana's joining of the Eco when it is introduced have an effect on the financial services sector?

| | | | |
|-------------------|--------------------------|--------------------|--------------------------|
| Regressive growth | <input type="checkbox"/> | Progressive growth | <input type="checkbox"/> |
|-------------------|--------------------------|--------------------|--------------------------|

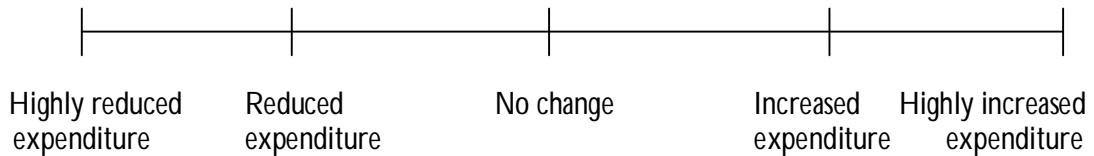
Part III Inflation

16. In which category would you place price stability of the Ghanaian economy, in terms of prices of food, housing, clothing and transportation system.

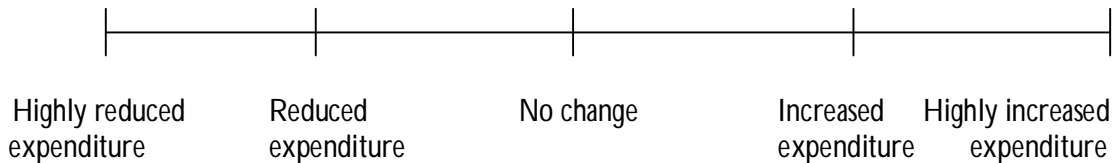
Fragile
(Not stable)

Stable

17. How would you order your family weekly domestic shopping basket (same volume of items) in relation to price and expenditure over the periods from 2000 to 2005.



18. How do you foresee your family domestic weekly shopping basket should Ghana join the Eco on introduction



19. How would you describe (oil) fuel prices in Ghana should she join the Ecozone when introduced for the period of five years (post-Eco).

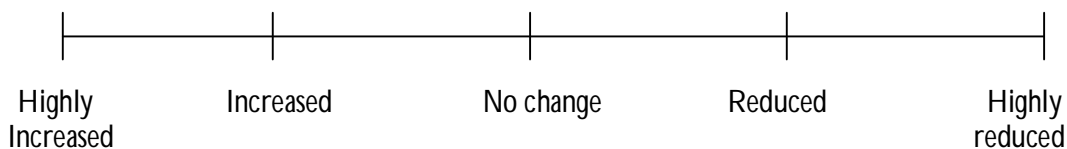
No change

Do not know

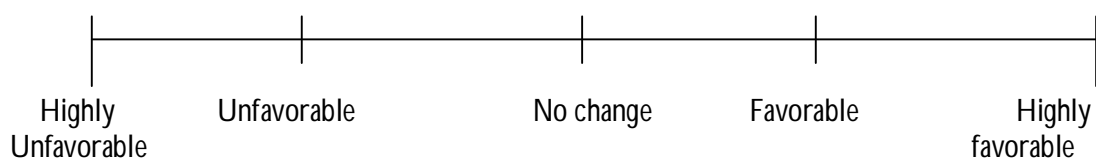
Significant fall in price

Significant Rise in price

20. What do you envisage would be the interest rate or borrowing rate of Ghanaian banks should she join the Ecozone on introduction.



21. How would you conceive the effect of the predicted interest rate or lending rates of Ghanaian banks on international trade should Ghana join the Ecozone when it is introduced.



Part IV Budget deficit (% of GDP)

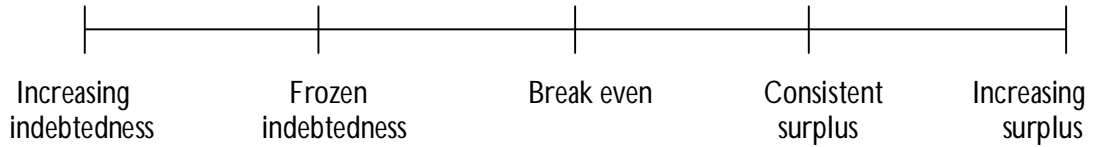
22. How do you perceive the resultant annual budget of Ghana with regards to the sums

Budget surplus Budget deficit

23. Which of the following best describes Ghana's state of wealth

Very poor Poor
 Average Rich

24. How would you envisage the cumulative wealth of Ghana in the first five years after joining the Ecozone when it is introduced



25. In your opinion which of the following best describes Ghana's financial state in the next five years

Dependent on foreign donations/aid/grants/Loans etc

Financially independent

Part V Central bank financing of budget deficit

26. Which of the following best describes the authority of Bank of Ghana being the central bank in Ghana

Government control

Semi-autonomous

Autonomous

27. Which of the institutions determines the interest, inflation and exchange rates in Ghana

Solely Government

Central bank and Government

Solely Central bank

28. Which of the institutions named below finances the budget of Ghana

Solely Government

Bank of Ghana (Central bank)

29. How do you perceive the role of the West African Central Bank (WACB) with respect to the budget of Ghana

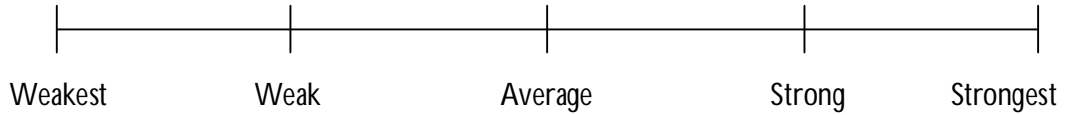
Full financing of budget

Partial-financing of budget

Non-financing of budget

Part VI Exchange rate

30. How would you rank the strength of the cedi as compared to her neighbors' currency



31. How does the relative strength of the Ghanaian cedi affect international trading by traders whose home economy is Ghana

Enabling
(promotes growth
and profits)

Disabling
(inhibits growth
and profits)

32. Would the relative strength of the Ghanaian cedi qualify her for Eco membership when introduced

Yes

No

33. Would the relative strength of the Ghanaian cedi have an effect on the Eco

Positive effect
(improve economy)

No effect

Adverse effect
on economy

Part VII Currency stability

34. How would you describe the stability of the cedi for the past five years

Unstable

Do not know

Stable

35. Which of the institutions determines the stability of the cedi

Solely
Government
Fixing

Bank of Ghana
(Central bank
fixing)

Open market
operations

36. How would you describe the effect of the state of Ghanaian economy on the stability of the Eco should she join when it is introduction

Destabilizing

Do not know

Enhancing

37. What about the effect of the Eco when introduced on the economy of Ghana

Destabilizing

Do not know

Enhancing

Thank you for participating in this study

RESULTS AND DISCUSSIONS

ANalyses Of VAriance (ANOVA) was used to analyse the data obtained from questionnaires administered to the three (3) various groups which form the cross section of the Ghanaian public for this study. The various group means (μ_1, μ_2, μ_3), probability of results, their respective standard deviations and F – values are as shown below as figures 82 – 88. Further, the results as laid down in the tables are in line with the stage 1 hypotheses testing.

ANOVA: Knowledge of Eco and commitment to Eco

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 0.4333 | 2 | 0.2167 | 2.9684E-03 |
| error | 4161. | 57 | 72.99 | |
| total | 4161. | 59 | | |

The probability of this result, assuming the null hypothesis, is 0.997

Group A (Students): Number of items= 20

0.00 0.00 0.00 0.00 0.00 1.00 1.00 3.00 3.00 4.00 5.00 6.00 6.00 8.00 10.0 11.0 16.0 16.0 24.0 30.0

Mean = 7.20

95% confidence interval for Mean: 3.374 thru 11.03

Standard Deviation = 8.49

Hi = 30.0 Low = 0.00

Median = 4.50

Average Absolute Deviation from Median = 6.00

Group B (Journalists): Number of items= 20

0.00 0.00 0.00 0.00 0.00 0.00 2.00 3.00 4.00 4.00 5.00 6.00 8.00 8.00 9.00 15.0 15.0 17.0 22.0 30.0

Mean = 7.40

95% confidence interval for Mean: 3.574 thru 11.23

Standard Deviation = 8.41

Hi = 30.0 Low = 0.00

Median = 4.50
 Average Absolute Deviation from Median = 6.10

Group C (International traders): Number of items= 20
 0.00 0.00 0.00 1.00 1.00 2.00 2.00 2.00 3.00 4.00 4.00 5.00 5.00 7.00 10.0 10.0 15.0 22.0 25.0
 29.0
 Mean = 7.35
 95% confidence interval for Mean: 3.524 thru 11.18
 Standard Deviation = 8.73
 Hi = 29.0 Low = 0.00
 Median = 4.00
 Average Absolute Deviation from Median = 5.85

Figure 82. ANOVA calculated by physics.csbsju.edu (6 May 2007) based on responses inputted from questionnaire.

ANOVA: Growth, Job creation and Foreign Direct Investment

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 7.6923E-02 | 2 | 3.8462E-02 | 7.9735E-04 |
| error | 3618. | 75 | 48.24 | |
| total | 3618. | 77 | | |

The probability of this result, assuming the null hypothesis, is 0.999

Group A (Students): Number of items= 26
 0.00 0.00 0.00 0.00 1.00 1.00 1.00 1.00 1.00 2.00 2.00 3.00 3.00 5.00 5.00 5.00 8.00 9.00 11.0
 12.0 12.0 14.0 14.0 16.0 22.0 27.0

Mean = 6.73
 95% confidence interval for Mean: 4.017 thru 9.444
 Standard Deviation = 7.33
 Hi = 27.0 Low = 0.00
 Median = 4.00
 Average Absolute Deviation from Median = 5.58

Group B: Number of items= 26
 0.00 0.00 0.00 1.00 1.00 1.00 2.00 2.00 2.00 3.00 3.00 4.00 4.00 4.00 6.00 6.00 6.00 7.00 8.00
 9.00 10.0 13.0 15.0 18.0 24.0 27.0

Mean = 6.77
 95% confidence interval for Mean: 4.056 thru 9.483
 Standard Deviation = 7.25
 Hi = 27.0 Low = 0.00
 Median = 4.00
 Average Absolute Deviation from Median = 5.00

Group C (International traders): Number of items= 26
 0.00 1.00 1.00 1.00 1.00 1.00 2.00 2.00 2.00 3.00 3.00 4.00 5.00 6.00 7.00 8.00 9.00 9.00 9.00
 9.00 10.0 11.0 13.0 16.0 21.0 23.0

Mean = 6.81
 95% confidence interval for Mean: 4.094 thru 9.521
 Standard Deviation = 6.20
 Hi = 23.0 Low = 0.00
 Median = 5.50
 Average Absolute Deviation from Median = 4.81

Figure 83. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

ANOVA: Inflation

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 1.462 | 2 | 0.7308 | 1.7107E-02 |
| error | 3204. | 75 | 42.72 | |
| total | 3205. | 77 | | |

The probability of this result, assuming the null hypothesis, is 0.983

Group A (Students): Number of items= 26
 0.00 0.00 0.00 0.00 1.00 1.00 1.00 2.00 3.00 4.00 4.00 4.00 5.00 5.00 6.00 6.00 7.00 7.00 8.00
 12.0 14.0 14.0 16.0 17.0 18.0 22.0

Mean = 6.81
 95% confidence interval for Mean: 4.254 thru 9.361
 Standard Deviation = 6.43
 Hi = 22.0 Low = 0.00

Median = 5.00
 Average Absolute Deviation from Median = 4.88

Group B (Journalists): Number of items= 26
 0.00 1.00 1.00 1.00 2.00 2.00 3.00 4.00 4.00 4.00 4.00 5.00 6.00 7.00 7.00 7.00 7.00 8.00
 9.00 9.00 12.0 14.0 15.0 18.0 19.0

Mean = 6.54
 95% confidence interval for Mean: 3.985 thru 9.092
 Standard Deviation = 5.32
 Hi = 19.0 Low = 0.00
 Median = 5.50
 Average Absolute Deviation from Median = 4.08

Group C (International traders): Number of items= 26
 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 1.00 3.00 3.00 3.00 3.00 5.00 5.00 5.00 7.00 8.00 8.00
 10.0 17.0 19.0 19.0 20.0 20.0 22.0

Mean = 6.85
 95% confidence interval for Mean: 4.293 thru 9.400
 Standard Deviation = 7.66
 Hi = 22.0 Low = 0.00
 Median = 4.00
 Average Absolute Deviation from Median = 5.85

Figure 84. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

ANOVA: Budget deficit (% of GDP)

The results of a ANOVA statistical test

| Source of Variation | Sum of Squares | d. f. | Mean Squares | F |
|---------------------|----------------|-------|--------------|------------|
| between | 3.128 | 2 | 1.564 | 2.2138E-02 |
| error | 2544. | 36 | 70.65 | |
| total | 2547. | 38 | | |

The probability of this result, assuming the null hypothesis, is 0.978

Group A (Students): Number of items= 13
1.00 1.00 1.00 2.00 4.00 4.00 5.00 8.00 14.0 14.0 15.0 19.0 25.0

Mean = 8.69
95% confidence interval for Mean: 3.964 thru 13.42
Standard Deviation = 7.90
Hi = 25.0 Low = 1.00
Median = 5.00
Average Absolute Deviation from Median = 6.31

Group B (Journalists): Number of items= 13
0.00 0.00 0.00 1.00 2.00 3.00 3.00 10.0 10.0 12.0 16.0 23.0 28.0

Mean = 8.31
95% confidence interval for Mean: 3.580 thru 13.04
Standard Deviation = 9.30
Hi = 28.0 Low = 0.00
Median = 3.00
Average Absolute Deviation from Median = 7.15

Group C (international traders): Number of items= 13
0.00 1.00 1.00 2.00 2.00 5.00 7.00 10.0 14.0 16.0 17.0 20.0 22.0

Mean = 9.00
95% confidence interval for Mean: 4.272 thru 13.73
Standard Deviation = 7.94
Hi = 22.0 Low = 0.00
Median = 7.00
Average Absolute Deviation from Median = 6.77

Figure 85. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

ANOVA: Central bank financing of budget deficit

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 5.091 | 2 | 2.545 | 4.8165E-02 |
| error | 1585. | 30 | 52.85 | |
| total | 1591. | 32 | | |

The probability of this result, assuming the null hypothesis, is 0.953

Group A (Students): Number of items= 11
0.00 1.00 3.00 8.00 11.0 12.0 14.0 15.0 16.0 16.0 19.0

Mean = 10.5
95% confidence interval for Mean: 5.978 thru 14.93
Standard Deviation = 6.56
Hi = 19.0 Low = 0.00
Median = 12.0
Average Absolute Deviation from Median = 5.18

Group B (Journalists): Number of items= 11
1.00 2.00 8.00 8.00 9.00 9.00 10.0 12.0 14.0 17.0 17.0

Mean = 9.73
95% confidence interval for Mean: 5.251 thru 14.20
Standard Deviation = 5.22
Hi = 17.0 Low = 1.00
Median = 9.00
Average Absolute Deviation from Median = 3.82

Group C (International traders): Number of items= 11
1.00 3.00 3.00 4.00 5.00 5.00 7.00 20.0 21.0 24.0 24.0

Mean = 10.6
95% confidence interval for Mean: 6.160 thru 15.11
Standard Deviation = 9.39
Hi = 24.0 Low = 1.00
Median = 5.00
Average Absolute Deviation from Median = 7.27

Figure 86. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

ANOVA: Exchange rate

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 2.722 | 2 | 1.361 | 2.5494E-02 |
| error | 1762. | 33 | 53.39 | |
| total | 1765. | 35 | | |

The probability of this result, assuming the null hypothesis, is 0.975

Group A (Students): Number of items= 12
0.00 0.00 4.00 5.00 7.00 8.00 9.00 11.0 12.0 13.0 20.0 24.0

Mean = 9.42
95% confidence interval for Mean: 5.125 thru 13.71
Standard Deviation = 7.27
Hi = 24.0 Low = 0.00
Median = 8.50
Average Absolute Deviation from Median = 5.42

Group B (Journalists): Number of items= 12
0.00 1.00 4.00 6.00 7.00 10.0 11.0 12.0 13.0 15.0 16.0 18.0

Mean = 9.42
95% confidence interval for Mean: 5.125 thru 13.71
Standard Deviation = 5.85
Hi = 18.0 Low = 0.00
Median = 10.5
Average Absolute Deviation from Median = 4.75

Group C (International traders): Number of items= 12
0.00 0.00 2.00 4.00 5.00 6.00 10.0 13.0 17.0 17.0 20.0 26.0

Mean = 10.0
95% confidence interval for Mean: 5.709 thru 14.29
Standard Deviation = 8.55
Hi = 26.0 Low = 0.00
Median = 8.00
Average Absolute Deviation from Median = 7.17

Figure 87. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

ANOVA: Currency stability

The results of an ANOVA statistical test

| Source of Variation | Sum of Squares | d.f. | Mean Squares | F |
|---------------------|----------------|------|--------------|------------|
| between | 7.722 | 2 | 3.861 | 9.9395E-02 |
| error | 1282. | 33 | 38.85 | |
| total | 1290. | 35 | | |

The probability of this result, assuming the null hypothesis, is 0.906

Group A (Students): Number of items= 12

1.00 1.00 3.00 4.00 6.00 8.00 10.0 11.0 15.0 17.0 18.0 20.0

Mean = 9.50

95% confidence interval for Mean: 5.839 thru 13.16

Standard Deviation = 6.76

Hi = 20.0 Low = 1.00

Median = 9.00

Average Absolute Deviation from Median = 5.67

Group B (Journalists): Number of items= 12

0.00 2.00 3.00 4.00 8.00 9.00 10.0 11.0 13.0 17.0 17.0 17.0

Mean = 9.25

95% confidence interval for Mean: 5.589 thru 12.91

Standard Deviation = 6.06

Hi = 17.0 Low = 0.00

Median = 9.50

Average Absolute Deviation from Median = 4.92

Group C (International traders): Number of items= 12

1.00 1.00 5.00 7.00 10.0 11.0 11.0 13.0 14.0 16.0 16.0 19.0

Mean = 10.3

95% confidence interval for Mean: 6.673 thru 13.99

Standard Deviation = 5.84

Hi = 19.0 Low = 1.00

Median = 11.0

Average Absolute Deviation from Median = 4.50

Figure 88. ANOVA calculated by physics.csbsju.edu (8 May 2007) based on responses inputted from questionnaire.

Analyzing the responses to the questionnaire, some salient observations can be drawn from the perception, understanding and prediction of a cross section of the Ghanaian public on the economy of Ghana in relation to its proposed membership of the West African common currency (Eco). Point-after-point observations to stage 1 hypothesis are:

- Public knowledge and commitment to West African common currency;
- All participants besides one in the survey are aware of the Eco of which their country (Ghana) expresses an interest to be a member.
- Mathematically, 98.9 per cent of participants have heard of the Eco.
- Of the eighty-five respondents about the number of West African countries that have expressed interest in irrevocably replacing their national currencies for the Eco, 55 of them appropriately number the countries as five (5). Whiles sixteen (16) of the respondents acknowledged they did not know the number of countries that are committed to the Eco programme. In other words a significant 64.7 per cent of respondents are aware of the exact number of West African countries that are interested and committed to the Eco in its preparatory stages.
- Despite the wide spread knowledge of the would be Eco, an appreciable number of the respondents are skeptical of the common currency's introduction and circulation in the next five years (2007 – 2011). 59.3 per cent of the respondents are Ecoskeptics, whiles 40.9 per cent perceive the Eco would be in circulation in the next five years (2007 – 2011). Although they are more Ecoskeptics than the Eco enthusiasts, a further assessment of the composition of Ecoskeptics reveals that 41.2 per cent of them are precisely in the 'May be' category. Thus portraying that the Eco bureaucrats with a little more effort could

- make significant in-roads in the introduction of the common currency because of the significant level of public acceptance at least in Ghana.
- In agreement with the above analyses, a significant proportion of the respondents do perceive Ghana as being able to attain the membership of the Eco.
 - As to the lifespan of the Eco vis-à-vis the planned introduction of the African wide common currency, 80.7 per cent do envisage the Eco to be in circulation possibly after the planned African wide common currency. However, 19.3 per cent of respondents do not perceive the Eco in circulation two decades on.
 - The null hypothesis is accepted. Implying there is no significant difference in the level of knowledge of the Eco and public commitment along social class lines in Ghana. In other words, the level of knowledge of the eco and commitment to it is relatively uniform irrespective of social standing.
 - Also the probability that the null hypothesis be upheld is 0.997, which is very high.
 - The F ratio of 2.968 though above 1, because the level of significance is noted at ± 0.05 , it makes the F ratio within the limits of upholding the null hypothesis.
 - With such a high probability and the upholding of the null hypothesis implies, almost all respondents are aware of the common currency to be adopted by the West African countries, and a further 70.8 per cent are of the view that Ghana would qualify for Eco membership when introduced, and are committed.
 - The standard deviation of all three (3) social class respondents from the central tendency is about the same. So are their means. Mathematically, $\mu_1 = \mu_2 = \mu_3$, so H_0 is true.

- Growth, Job creation and foreign direct investment
 - Almost half of all respondents did observe that there was significant increase in foreign business set-ups in Ghana between the periods of 2000 – 2005.
 - Though perplexing it is worth noting that, most of the international traders upon scanning the Ghanaian foreign direct investment (FDI) entry market, 46.7 per cent of them think there were more foreign business fold-ups as compared to new entrants of 23.3 per cent as a response.
 - Out of every ten (10) respondents about seven (7) of them predict that the adoption of the Eco would accelerate foreign direct investment in the Ghanaian economy for the first-five years of its introduction (2007 – 2011).
 - Respondents have established a perception that the introduction of the common currency in the West African region is mostly to improve the FDI entry climate of the Ghanaian economy as compared to the current trends (pre-Eco era being 2000 - 2005) of perception of high levels of foreign business fold-ups. The perceived ratio in percentage terms of foreign business fold-ups during the pre-Eco era to that of the immediate post-Eco (first-five years of introduction, 2007 – 2011 is 28.4% : 5.9%. The envisaged ratio in percentage terms of the volume of foreign business set-ups during the pre-Eco era and immediate post-Eco era is 47.7% : 69.4%. Whiles there is an envisaged sharp drop in the percentage of foreign business fold-ups from pre-Eco to introduction of the Eco. The converse picture is being established in terms of an accelerated increase in foreign business set-ups of the immediate post-Eco era. The perceived immediate post-Eco increase in foreign business entry into the Ghanaian economy does strengthen the perceived benefits of adapting a common currency.

- Although Ecoskeptics view that foreign businesses would still be folding out of the Ghanaian economy from the periods of pre-Eco to immediate post-Eco, the rate of fold-ups would be significantly reduced in favour of the immediate post-Eco era. This implies that even Ecoskeptics give some credence to the thought that the Eco when introduced with Ghana as a member would benefit the economy of Ghana in the deceleration of foreign business fold-ups. Eco-skeptics view on FDIs is categorized in the questionnaire as “No change”, “Low volume of business fold-ups” and High volume of business fold-ups”, thus a percentage aggregate of a large 52.2 per cent as pre-Eco and a drop to 30.6 per cent. A further look at the responses points to the perception that there would be significant increase in foreign business penetration into the Ghanaian business environment should she join the Eco when it is operational as compared to the pre-Eco era. The ratio (in percentage terms) of Eco-enthusiasts remark of FDI set-ups in Ghana between the periods of pre-Eco to immediate post-Eco is 47.7% : 69.4%. This indicates their strong prediction that the Eco when introduced would serve as a pull factor to attract more FDI/TNCs into Ghana, and possibly into the region. Despite the surge in the Ghanaian public’s view of an appreciable increase in FDI/TNCs penetration into the business environment should she qualify and join the Eco when introduced, the Ecoskeptics view can not be out rightly overlooked.
- The highly anticipated increase in FDI/TNCs penetration into the Ghanaian economy during the immediate post-Eco era provided she is a member , is perceived to spread and be beneficial to the financial services sector. This is confirmed by the 88.5 per cent of respondents who foresee the introduction of the Eco as catalyzing the growth of the financial services sector of Ghana.

- With regards to the perceived effect of the Eco on employability, a sizeable portion of the respondents think the advent of the Eco would ease unemployment, in other words, the introduction of the Eco would increase employment levels. This perception is in line with the earlier view that the Eco would come with an increase in TNCs/FDI activities in Ghana, which inevitably would lead to job creation and a reduction in unemployment levels at least of school leavers. Apparently, the statistics indicates that, there would be a fall from a relatively 'Very difficult' and 'Difficult' positions with which school leavers secure job to the immediate post-Eco era of an 'Increase in employment' position vis-à-vis an increase in FDI entries and its attendant job openings. The Ecoskeptics view per the collected data are: 85.6 per cent perceive that the pre-Eco era is associated with that high level of relative difficult for school leavers to attain a job, while that of the projected immediate post-Eco era was rated at a accumulative 43.8 per cent comprising of 'Higher increase in unemployment', 'Increase in employment' and 'No change in employment levels'. Seemingly, the Eco-enthusiasts rated employability for the pre-Eco and immediate post-Eco era as a ratio in percentage terms as: 2.2% : 56.2%. The views as expressed by a cross section of the Ghanaian public relating to TNCs/FDI entry and that of levels of employability are parallel. In that, even the Eco-skeptics acknowledge that the Eco would make both significant positive reduction in the fold-ups of the TNCs/FDI and levels of unemployment in the Ghanaian economy. While those views from the Eco-enthusiasts also reinforces the positive perception that the Eco would significantly increase both the TNCs/FDI penetration and levels of employment in Ghana.

- Here the null hypothesis is upheld, in that there is no significant difference in the perception of economic growth (growth, job creation and FDI) across the social strata of Ghana.
 - The probability of the respondents is very high. Meaning almost all of the respondents irrespective of their social standing have about the same perception of the economic growth of Ghana.
 - A further look at the means and standard deviations of all three (3) groups (students, journalists, and international traders) indicates the variabilities are minimal as (6.73, 6.77, 6.81) and (7.33, 7.25, 6.20) respectively.
 - The level of significance is ± 0.05 , thus upholding the null hypothesis.
 - Interpreting the ANOVA results details the undefined position of foreign business (TNCs/FDI) set-ups during the pre-Eco era, the relatively difficult state of gaining employment, and the high levels of benefits to be gained when Ghana joins the Ecozone in terms of economic growth than she would as an "out country".
- Inflation
 - Price stability in terms of food and services. A little more than half of the respondents think the Ghanaian economy is stable, while the rest (a little under half of respondents) indicate a fluctuation as the prevailing economic situation.
 - A notably unclear picture of respondents understanding of price stability (for goods and services) vis-à-vis their weekly domestic expenditure (i.e. individual consumer price index). It is observed that though a little more than half of respondents think the Ghanaian economy is experiencing price stability, a 57.3 per cent also further indicated their weekly

- domestic shopping basket has seen an appreciable increase in expenditure or an appreciable fall in the real value of money. The contradiction here stems from respondents view as perceiving the Ghanaian economy as a whole in a state of price stability but their individual family-shopping basket as experiencing the converse (i.e. fluctuations in cost-of-living implying a higher expenditure).
- It could be inferred from the responses to questionnaire that 'price stability' in the Ghanaian economy as indicated by respondents is in a state of economic stalemate, with an unhealthy inflation rate. With an appreciable 46.7 per cent of respondents specifying the Ghanaian economy as experiencing price stability, while the real value of money keeps depreciating as time rolls-on.
 - Unlike the perception that there would be an appreciable increase in volume and velocity of FDI entry into the Ghanaian economy provided she qualifies and joins the Eco, that of individual consumer price index (domestic family shopping basket) is not likely to change if Ghana attains and joins the Ecozone upon its introduction.
 - Only 23.9 per cent of the respondents did envisage a drop in expenditure of the domestic family-shopping basket. This implies about one out of every four respondent foresee the inflationary rate of the Ghanaian economy to improve, provided she joins the Ecozone when introduced.
 - The uncertain responses to the questionnaire over inflation and price stability still emerged in the predicted price of oil (fuel) during the immediate post-Eco era of Ghana when she joins the Eco. 46 per cent of respondents claim they can not see beyond the current price trends of oil. A notably sharp drop in numbers of respondents who perceive the Eco would come with significant fall in prices of oil sums up to 19.5 per cent. Another 18.4 per cent

- think there would be no change in oil prices despite the adoption of a wider common market and a common currency within the West African region. A significant 16.1 per cent do foresee a further rise in oil price in the early years of the introduction of the Eco.
- Interest and lending rates are anticipated to drop dramatically when Ghana joins the Ecozone on its introduction, as speculated by respondents with a large 60 per cent accentuate. 70.9 per cent of respondents did speculate that the significant drop in lending rates would boost international trade.
 - Envisaged drop in interest rate vis-à-vis its attendant boost to international trade is in-line with earlier speculations of increase in both volume and velocity of FDI penetration into the Ghanaian economy on her inclusion and the introduction of the Eco. Conversely to all economic theories, a good number of respondents did speculate that a drop in interest rate would have a zero effect on inflation (CPI) for the immediate post-Eco era.
 - All the same, the speculative relationship between a drop in interest rates serving as one of the pull factors of FDI entry and eventually an increase in levels of employability and progressive growth to be noticed in the financial services sector of the Ghanaian economy for immediate post-Eco era, provided Ghana qualifies to be a member of the materialize Eco.
 - The null hypothesis is upheld, meaning there is no significant difference on thoughts of inflation along social class lines. Means and standard deviations of all three (3) groups are (6.81, 6.54, 6.85) and (6.43, 5.32, 7.66) respectively being assessed at ± 0.05 level of significance makes $H_0: \mu_1 = \mu_2 = \mu_3$ to be accepted.
 - Interpreting the ANOVA results, confirms the uncertainty in the cross section of the Ghanaian publics view of inflation, real value of money and price stability pertaining in the

economy during the pre-Eco era. The cross sectional view of price stability may be applying a Top to bottom approach of perception, while on individual shopping basket (i.e. weekly expenditure being the individual consumer price index) their thought processes as applying the Bottom Up approach of perception. The Top to bottom approach of perception could account for the reason why 53.3 per cent of respondents think the economy of Ghana did experience price stability during pre-Eco era. But when it came to the individual weekly shopping basket (i.e. consumer price index), they did process their perception in line as the Bottom Up approach. So, 57.3 per cent did respond as having experienced a relative increase in expenditure. By and large, the contrasting view of price stability and consumer price index does point to an economic stalemate in terms of the public perception of the inflationary situation that did pertain in Ghana during the pre-Eco era.

- Budget Deficit (% of GDP)
 - The haziness attached to information about the Ghanaian economy still shows up in respondents' view of the country's budget deficit and GDP. 50 per cent of respondents erroneously understand the Ghanaian economy as experiencing annual budget surplus, while 46.1 per cent further think Ghana is an average economy in terms of wealth.
 - A significant 44.9 per cent appropriately categorize Ghana as a poor country.
 - At least seven (7) out of every ten (10) respondents of this study specified that the Ghanaian economy would break even within five years of joining the Eco when it is introduced. Further, about the same proportion of the respondents confirmed their break

- even perspective of the Ghanaian economy with her being financially independent five years into Eco.
- Results of the ANOVA test shows the means and standard deviations of all three (3) groups as (8.69, 8.31, 9.00) and (7.90, 9.30, 7.94) respectively, and the probability is as high as 0.978. Thus confirming the null hypothesis is upheld at 95% confidence level.
 - The high probability does confirm the split-split thoughts of the cross section of Ghanaians about the budget deficit as a percentage of GDP as being undecided for the pre-Eco era.
- Central bank financing of budget
 - Contrary to the Bank of Ghana's (Central bank of Ghana) claim of autonomy, at least five (5) out of every ten (10) respondent perceive it (Bank of Ghana) as semi-autonomous.
 - Also an appreciable 28.7 per cent even perceive the Bank of Ghana as being solely controlled by the central government, and only 18.4 per cent of respondents think the Bank of Ghana is autonomous.
 - Though 48.2 per cent of respondents are of the view that the West African central bank (WACB) should not fund annual budgets of Ghana, a slight majority of 51.8 per cent agrees to either partial or whole funding of the annual budgets of Ghana.
 - Further look at responses to questionnaire shows that most of the international traders (71%) did suggest the non-financing of Ghana's annual budgets. Whiles most students and Journalist opt for partial financing of the budget.
 - The ANOVA results confirms, the public perception that the ventral bank of Ghana (Bank of Ghana) as being semi-autonomous. The means of various groups indicates there is no

- significant difference on the subject of central bank financing of budget deficit, and this is buttressed by a high probability.
- Public decision that the Bank of Ghana is a semi-autonomous and that 70.6 per cent think that it is both the central government and the Bank of Ghana that determines macro-economic indicators is being upheld by the ANOVA results at a 95% confidence level.
- Exchange rate
 - A low 17 per cent of respondents did appropriately perceive the Ghanaian cedi as the weakest currency in the West African region.
 - Most respondents (i.e. 52.3%) did perceive the Ghanaian cedi as comparatively a weak currency but not the weakest currency in the sub-region.
 - Respondents did clearly indicate that the relative strength of the Ghanaian cedi adversely affects traders performance and eventually inhibits growth and cuts down profit margins.
 - Despite 69.3 per cent of respondents perceive the Ghanaian cedi as relatively weak (weakest and weak) currency as compared to her neighbours, about eight (8) out of every ten (10) respondents still think the cedi would qualify for Eco membership.
 - However an appreciable 22.6 per cent of respondents also think the relatively weak standing of the Ghanaian cedi would disqualify Ghana from attaining the Eco criteria.
 - In as much as a sizeable number of respondents perceive the Ghanaian cedi as relatively weak, about 43 per cent also think it would have zero effect on the Eco.
 - All the same, a minority of 19.8 per cent of respondents admitted that the relative weak position of the cedi would have an adverse effect on the Eco. Just as 22.6 per cent also think the weakness of the Ghanaian cedi would disqualify her from attaining the criterion of

- the Eco, so does the earlier mentioned 19.8 per cent perceive the cedi as going to have an adverse effect on the strength of the Eco.
- Respective means of all three (3) groups responses under study as 9.42, 9.42, and 10.0 at a 95% confidence level, does render the F – value (2.5494) to accept the null hypothesis.
 - The high probability of the responses ($p= 0.975$) does confirm the null hypothesis that, there is no significant difference on the level of exchange rate of the Ghanaian cedi as compared to currencies of her neighbours, on social class lines.
 - Accepting the null hypothesis ($H_0: \mu_1 = \mu_2 = \mu_3$), means a cross section of the Ghanaian public under study do perceive that Ghanaian cedi is a relatively weak currency as compared to her neighbours.
- Currency stability
 - Approximately five (5) out of every ten (10) respondents are of the view that the Ghanaian cedi is being stable for the past five years (i.e. pre-Eco era).
 - Unlike the Eco-enthusiasts, the Eco-skeptics have shown a consistency in their views in relation to currency stability and exchange rate. Approximately two (2) out of every ten (10) respondents have established that, the Ghanaian cedi is being relatively unstable for the past five years of the pre-Eco era. Again, about the same percentage claim the cedi would have an adverse effect on the stability of the Eco, and that the cedi has a disabling effect on the activities of international traders whose home economy is Ghana.
 - 48.8 per cent of respondents attribute the stability of the Ghanaian cedi to open market operations. Whiles 51.2 per cent are also of the view that either the central bank (Bank of

- Ghana) or the government of Ghana fixes the exchange rate of the cedi to international currencies, hence its relative stability or otherwise.
- Observably about the same percentage of respondents who think the value of the cedi relative to international currencies are being fixed by both the central bank and the government of Ghana, also think the central bank (Bank of Ghana) is semi-autonomous. In figurative terms the percentage ratio of autonomy of the central bank to the institution that determines the stability of the cedi is 52.9% : 51.2%.
 - Fifty (50%) per cent of respondents are of the view that the Ghanaian economy would enhance the stabilizing effect on the Eco when introduced.
 - Likewise do 60.9 per cent (six out of every ten) respondents also foresee the reverse as possible. In other words, 60.9 per cent of respondents perceive that the Eco would enhance the economy of Ghana provided she qualifies and joins common currency zone when introduced.
 - Though, at least five (5) out of every ten (10) respondents perceive a mutual reciprocal enhancing resultant effect on the Eco and the economy of Ghana, the rest (five out of every ten respondents) are Eco-skeptics.
 - The Eco-skeptics here are of the view that the Ghanaian economy would have a “destabilizing” or “do not know” effect on the Eco, and so is that of the effect of the Eco on the Ghanaian economy. With the former, a significant 50 per cent are the Eco-skeptics, while in the case of the later 39 per cent are. Implying, the Ghanaian economy may have a zero effect on the stability of the Eco when introduced. The later, points that the Eco would invariably have an enhancing resultant effect on the economy of Ghana should she qualify and join it when introduced.

- A probability of 0.906 makes the F – value and therefore the null hypothesis to be accepted. Implying, there is no significant difference on the stability of the Ghanaian cedi along social class lines. With means of various groups as 9.50, 9.25, and 10.3, but at a confidence level of 95%, the $H_0: \mu_1 = \mu_2 = \mu_3$ is upheld.
- Upholding the null hypothesis, does establish the cross section of Ghanaians views that the Ghanaian cedi is being relatively stable for the past five years (pre-Eco era).

Basic statistically computations were carried out in order to draw conclusions on the empirical macro-economic data prior to carrying out the stage 2 hypotheses testing. Inputted empirical data vis-à-vis their descriptive statistics as calculated per www.physics.csbsju.edu/stats.

FDI inflows - Growth

The results of some basic statistical tests are:

7 data points were entered:

31.0 63.0 89.3 115. 300. 0.100E+04 0.433E+04

Mean = 847.

95% confidence interval for actual Mean: -607.8 thru 2302.

Standard Deviation = 1.573E+03

Hi = 4.330E+03 Low = 31.0

Median = 115.

Average Absolute Deviation from Median = 778

FDI/TNCs inflow data computation confirms the earlier point that, Ghana is being attracting a significant increase in FDI/TNCs activities and eventually an increase in returns since

1991 as shown as figure 45. At ± 0.05 significance level (or 95% confidence level) it does confirm the earlier conclusion. Empirical data for economic growth was inferred from figure 45.

Inflation rate

The results of some basic statistical tests are:

6 data points were entered: 12.8, 14.5, 15.1, 22.8, 25.0, 26.7

Mean = 19.5

95% confidence interval for actual Mean: 13.15 thru 25.82

Standard Deviation = 6.04

Hi = 26.7 Low = 12.8

Median = 18.9

Average Absolute Deviation from Median = 5.35

Log of Inflation: Results

6 data points were entered: 12.8, 14.5, 15.1, 22.8, 25.0, 26.7

Geometric Mean = 18.7

95% confidence interval for actual Geometric Mean: 13.39 thru 26.09

Multiplicative Standard Deviation = 1.37

Hi = 26.7 Low = 12.8

Median = 18.6

Multiplicative Average Absolute Deviation from Median = 1.33

Inflation rates (CPI) of Ghana from the year 2000 to 2005 as shown as figure 73 has a mean rate of 19.5% indicating that Ghana has not attained the inflation rate criterion for Eco membership, and with time-series forecasting it points to inflation being a hurdle for the Ghanaian economy. Employing the logarithmic computation of inflation rates of Ghana, instead of expecting the converse conclusion, it rather buttressed the earlier declaration. Both statistical tests were

tested at a 95 per cent confidence level, which does further accept Ghana's poor inflation rate and her inability to attain the Eco criterion. Further, the geometric mean of Ghana's inflation rate also stood at 18.7%, which portrayed the poor inflation rate. Both means and geometric means of Ghana's inflation rate are significantly above the author's convergence criterion on inflation rate as: $[1.8 \leq \text{Inflation rate (average of ECOWAS region)} \leq 5.8]$.

Budget deficit (% of GDP)

The results of some basic statistical tests are:

7 data points were entered: 7.50, 7.50, 8.20, 8.30, 9.50, 10.1, 13.2

Mean = 9.19

95% confidence interval for actual Mean: 7.317 thru 11.05

Standard Deviation = 2.02

Hi = 13.2 Low = 7.50

Median = 8.30

Average Absolute Deviation from Median = 1.37

Log – budget deficit (% of GDP) Descriptive Statistics: Results

7 data points were entered: 7.50, 7.50, 8.20, 8.30, 9.50, 10.1, 13.2

Geometric Mean = 9.02

95% confidence interval for actual Geometric Mean: 7.482 thru 10.87

Multiplicative Standard Deviation = 1.22

Hi = 13.2 Low = 7.50

Median = 8.30

Multiplicative Average Absolute Deviation from Median = 1.16

The mean and geometric mean of budget deficit (as % of GDP) are 9.19 and 9.02 respectively which are above the criterion for hypotheses testing being the author's proposed Eco

convergence criterion as, government must operate a budget surplus or at worse a zero budget deficit. The empirical information serving as the raw data upon which the calculations of budget deficit as a percentage of GDP was imported from Figure 80. At 95 per cent confidence level, the interpretation of the results points to fact that Ghana's being experiencing budget deficit instead of surplus. Therefore at 95 per cent confidence level, Ghana's economy did not meet the proposed convergence criterion on budget deficit.

Central Bank (Bank of Ghana) financing of budget deficit

The results of some basic statistical tests are:

5 data points were entered:

0.00 0.00 0.00 12.1 57.9

Mean = 14.0

95% confidence interval for actual Mean: -17.15 thru 45.15

Standard Deviation = 25.1

Hi = 57.9 Low = 0.00

Median = 0.00

Average Absolute Deviation from Median = 14.0

Empirical evidence from figure 79 depicts that of the five years under consideration, the Bank of Ghana did not finance the budget deficit of Ghana for three of those years. The probability of zero financing of budget deficit by central bank of Ghana stands at 0.6, at the confidence level of 95%. It could be observed that Ghana would meet the convergence criterion of non-financing of the budget deficit of Ghana. This conclusion is supported by the median as 0.00 per cent, and the actual mean stands at -17.15 thru 45.15.

Exchange rate

The results of some basic statistical tests are:

5 data points were entered:

0.717E+04 0.793E+04 0.868E+04 0.900E+04 0.907E+04

Mean = 8.372E+03

95% confidence interval for actual Mean: 7367. thru 9376.

Standard Deviation = 809.

Hi = 9.072E+03 Low = 7.171E+03

Median = 8.677E+03

Average Absolute Deviation from Median = 595.

Log (exchange rate) Descriptive Statistics: Results

The results of some basic statistical tests performed at 07:23 on 19-MAY-2007.

5 data points were entered:

0.717E+04 0.793E+04 0.868E+04 0.900E+04 0.907E+04

Geometric Mean = 8.339E+03

95% confidence interval for actual Geometric Mean: 7367. thru 9439.

Multiplicative Standard Deviation = 1.10

Hi = 9.073E+03 Low = 7.171E+03

Median = 8.677E+03

Multiplicative Average Absolute Deviation from Median = 1.08

Exchange rates of the cedi (Ghanaian local currency) to the US dollar year-after-year as illustrated in figure 78, does points to a worrying weak and gentle continuous declining cedi. Data in figure 78 served as the bases for the above calculations. The weak value of the cedi as compared to the US dollar does results to high mean and median values. Deviation from the central tendency

is also as high as 809, hence at 95 per cent confidence level it is concluded, the Ghanaian cedi would not meet the proposed convergence criterion. A further statistical computation as the "log-normal distribution" of the data did also result into a high geometric mean, implying the previous conclusion on the exchange rate of the cedi to the US dollar would not meet the author's proposed convergence criterion. The multiplicative standard deviation at 1.10 does connote that at 95% confidence level the results of the median and geometric mean be upheld. Therefore the Ghanaian cedi would not meet the convergence criterion.

Currency stability

The results of some basic statistical tests are:

4 data points were entered:

-24.0 -12.6 -4.40 -0.800

Mean = -10.4

95% confidence interval for actual Mean: -26.83 thru 5.929

Standard Deviation = 10.3

Hi = -0.800 Low = -24.0

Median = -8.50

Average Absolute Deviation from Median = 7.85

Raw data used in this computation was imported from figure 78a. The mean of all the values stands at -10.4% and media of -8.5%, however the variation from the central tendency is noted as the exact opposite value (10.3). At a 95% confidence level it implies the Ghanaian cedi is volatile or economically an unstable currency.

A tabular representation of empirical evidence and perceptual reasoning does portray a better picture of matching on micro-economic indicator status for stage2 hypotheses testing.

Micro-economic indicators matching tests of Ghana

| Test criterion | Perceptual reasoning | Empirical evidence |
|--|--|--|
| Growth (FDI inflow) | Undecided state on FDI/TNCs fold-ups vis-à-vis their set-ups during the pre-Eco era. But increase in FDI inflows for the immediate post-Eco era. | Progressive returns year-after-year (pre-Eco era). Increase in FDI inflows for the immediate post-Eco era. |
| Inflation | Bottom – Up approach adopted by respondents indicated high inflation rates. Does not meet the convergence criterion. | High inflation rates puts the economy out of the convergence criterion |
| Budget deficit (% of GDP) | Undecided. | Did not meet the convergence criterion of budget surplus. |
| Central bank financing of budget | Upheld both views of central bank financing of budget and Bank of Ghana being semi-autonomous. But does not meet convergence criterion. | High probability of practicing non-financing of budget. Ghana would meet the convergence criterion. |
| Exchange rate | Weak currency and does not meet the convergence criterion. | Weak currency as compared to US dollar, therefore it does not meet the convergence criterion. |
| Currency stability | Stable currency and meets convergence criterion. | Unstable currency (volatile) hence does not meet the convergence criterion. |
| Level of significance and confidence level | ± 0.05 and 95% confidence level | ± 0.05 and 95% confidence level |

Figure 89. Table of hypotheses tests

Comparing results of both perceptual reasoning and empirical evidence as in the table above in order to ascertain the stage 2 hypotheses of this study is as follows.

Results of stage 2 hypotheses

Inferring from the figure 89 the results of stage 2 hypotheses as compared to their respective null hypotheses are:

1. There is no significant difference between empirical evidence and public perception on economic growth should Ghana be a member of the Ecozone when introduced.
 - The null hypothesis is to be upheld. Since both empirical evidence and perceptual reasoning both share the same thought of a predicted increase in FDI inflows into Ghana under the regional common currency (Eco) in the immediate post-Eco era when introduced with Ghana being an “in country”.
2. There is no significant difference between empirical evidence and public perceptual reasoning on the inflation rate of Ghana in attaining the convergence criterion.
 - The null hypothesis is accepted. Here both empirical evidence and perceptual reasoning (of a cross section of the Ghanaian public) concludes that, because of the high inflation rate that has pertained in the Ghanaian economy over a period of time, she (Ghana) can not attain the inflation criterion within the immediate post-Eco era, which is mathematically represented as
$$[1.18 \leq \text{Inflation rate (ECOWAS average)} \leq 5.8]$$
3. There is no significant difference between empirical evidence and public perception on budget deficit of Ghana in attaining the convergence criterion.

- Here the null hypothesis was rejected, hence the alternative hypothesis (H_1) was upheld. In other words, there is a significant difference between empirical evidence and perceptual reasoning on budget deficit of Ghana in attaining the convergence criterion. Empirical evidence suggested that the Ghanaian economy was operating on a budget deficit conversely to the proposed convergence criterion of budget surplus. Perceptual reasoning of the cross section of Ghanaian public could not establish a clear position of either a budget surplus or deficit. Therefore, it could be stated that Ghana would not attain this convergence criterion within the immediate post-eco era.
4. There is no significant difference between empirical evidence and public perception on central banks roles in financing of budget deficit of Ghana in attaining the convergence criterion.
 - Again the null hypothesis here was rejected. Implying the alternative hypothesis (H_1) was upheld, which is there is a significant difference between empirical evidence and perceptual reasoning on the role of central bank financing of budget deficit of Ghana. Whiles empirical evidence points to the central bank (Bank of Ghana) as by-and-large operating a non-financing of budget deficit the converse is the public perception. Also, from the empirical point of view, Ghana would attain the convergence criterion on this particular indicator, but that of the public view would not meet the criterion.
 5. There is no significant difference between empirical evidence and public perception on the exchange rate of the Ghanaian cedi in attaining the convergence criterion.

- Both empirical evidence and public perceptual reasoning (of a cross section of Ghanaians) do not differ any widely that is worth noting, hence the null hypothesis is accepted. Because of the weak value of the Ghanaian cedi, it would not meet the convergence criterion per both measures. Recall the convergence criterion is ranging from 28.861 – 31.899: US dollar.
6. There is no significant difference between empirical evidence and public perceptual reasoning on currency stability of the Ghanaian cedi prior to Eco.
- The alternative hypothesis (H_1) is upheld, in other words the null hypothesis was rejected. This means, there is a remarkable difference over the stability of the Ghanaian cedi prior to the introduction of the Eco between public perception and empirical evidence. Specifically, while empirical evidence indicates the Ghanaian cedi has been unstable from the periods of 2001 to 2005, hence does not meet the convergence criterion, the converse is the view of the Ghanaian public (cross section).

At a 95% (ninety-five per cent) and a level of significance pegged at ± 0.05 it makes the sampling size and results a true representation of the views of the Ghanaian public and that of the empirical evidence valid.

CONCLUSION AND IMPLICATIONS / RECOMMENDATIONS

Following from the observed analyses of data some very salient conclusions could be drawn, which could also serve as one of the propositions for measuring the direct effects of the planned introduction of the Eco in the West African region, the immediate outer environment being African wide and the indirect effect to the rest of the world. It has become eminently clear that the thought of 'a large population leads to a larger market and eventually wealth for all participating member countries or states' requires interested countries or states to attain an acceptable economic health prior to be admitted into the common currency block. Though, Ghana is one of the formative members of the concept of Eco (West African common currency), her inability to attain some of the proposed micro-economic indicators of the 'six-points test' vis-à-vis the long-term goal of "wealth for all member countries" calls for a second look both the convergence criteria, and the implications of both the empirical economic evidence and public economic perception of other interest member countries.

Lowering the convergence criteria in other that interest countries (such as Ghana) are able to attain membership and for the quick introduction of the Eco would ultimately be either a defeatist approach or leading to an illusionary "wealth creation and realization". However difficult it may seem for interest countries to attain the "six-points test" proposed by this dissertation, it would be better for WAMZ to uphold a high and strict micro-economic indicators test, and in order that the West African region would enjoy long-term benefits of wealth generation and realization". Should political interest and over zealot Eco-enthusiasts take prime role in the introduction of the Eco, instead of the adopting high and achievable economic standards the whole exercise would have a zero effect on the unification if not deepen the existing low level of intra-regional trade and heighten the language-border-taxation tensions among neighbouring countries.

Ghana's interest in being a member of the Ecozone when introduced and hoping to enjoy the attendant economic benefits is being flawed by her inability to attain four (4) of the proposed 'six-points test' convergence criteria as a low and acceptable inflation rate, budget surplus, relative strength of the cedi as compared to the strongest regional currency (Dalasi), and currency stability. This results calls for a fundamental change in paradigm of the micro-economic policies of Ghana, else she would be an "out country" when the Eco is introduced, thereby missing the attendant benefits. With respect to Ghanaian cedi being the weakest currency in the West African region, her government in conjunction with the Bank of Ghana being the ventral bank have team up to redenominate the currency (Cedi), in order to attain the convergence criteria of exchange rate and inflation rate, among other advantages. It is claimed that the New Cedi being the denominated currency would come into force come mid-2007. Granted the planned denomination of the cedi comes into being, it would go further to reinforce the established concept of the unstable nature (volatile nature) of the Ghanaian currency. As to whether the denominated cedi would reduce inflation rate is another issue for other academics to comment on. Further it is doubtful whether the denominated cedi would improve Ghana's state of budget deficit in order that she attains that convergence criterion. Worse of all, should Ghana embark on an expensive denomination of her currency, it arouses another question of the relative life span of the denominated currency vis-à-vis her will to irrevocably replace it with Eco. The ramifications of the denominated cedi vis-à-vis Ghana's interest in being an "in country" when introduced as planned in 2009 is out of the scope of this study.

Ghana's relatively weak economic position is not a unique one, but prevalent in the West African sub-region, consequently the inability of the Eco to have, materialize so far. None of the interested countries of participating in the Eco when introduced has attained all "six-points test". However only The Gambia has attained four of "six-points test", the other four countries have

faired poorly. This situation is the noted fertile position of Eco-skeptics, nonetheless the Eco convergence criteria has led to an observably gradual rectification of anomalies in economies of interested countries and their work towards achieving acceptable micro-economic indicators. Care should be taken not to use the general poor state of macro-economic indicators of the West African sub-region as the bases to adopt the Eco on weak and achievable convergence criteria.

Limitations and Recommendations

Among some notable lapse of this study are both the insufficient number of subjects or respondents to questionnaire and the broadening of subject selection on regional distribution. With respect to the latter, Ghana is made up of ten (10) regions it would have been better if this study sampled subjects based both on social class and country-wide lines. The recognized country-wide data collection would inevitable increase the number of sample size of more than ninety (90) of this study as per the former lapse.

A simplification of the terminologies used in the questionnaire would have achieved better responses as some subjects needed explanations of the economic jargons prior to them completing the questionnaire.

An improved form of social class determinant based on a more quantifiable technique should be developed for carrying out this research. Apparently, it is very difficult for respondents to disclose their income figures.

It was planned that investment bankers should also serve as subjects for this study, but due to low numbers of investment bankers in Ghana, random sampling them in order to get the required number was difficult. Therefore this group was eliminated.

Though mentioned earlier it is worth reiterating that the proposed stringent "six-points test" be adopted by WAMZ in order for the West African to achieve the numerous benefits of common currency block.

In future any replication of this study could be extended to the other would be “in countries”. In case of the replication of this study in another geographical settings, culture biases must be taken into consideration.

Lateral trade should not just be encouraged but modalities be legislated by ECOWAS as one of the primary building blocks of the formation of the common currency (Eco).

In conclusion, it is imperative that WAMZ authorities, Eco-enthusiasts and academics should push founding countries of Eco to radically step-up their policies in order to attain the high proposed convergence criteria, instead of relying on political propaganda which is devoid of microeconomic indicator tests.

APPENDIX

GDP – (Billion \$) of West African countries

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Gambia, The | -- | 1.5 | 2.5 | 2.6 | -- | 2.8 | 3.0 |
| Ghana | 35.5 | 37.4 | 39.4 | 42.5 | 44.44 | 48.27 | 54.9 |
| Guinea | 9.2 | 10.0 | 15.0 | 15.9 | 19.0 | 19.5 | 18.7 |
| Nigeria | 110.5 | 117.0 | 105.9 | 113.5 | 114.8 | 125.7 | 175.5 |
| Sierra Leone | 2.5 | 2.7 | 2.7 | 2.8 | 3.1 | 3.3 | 4.9 |
| Benin | 8.1 | 6.6 | 6.8 | 7.3 | 7.7 | 8.3 | 8.4 |
| Burkina Faso | 12.4 | 12.0 | 12.8 | 13.6 | 14.6 | 15.7 | 16.7 |
| Cote d'Ivoire | | 26.2 | | 24.5 | | 24.8 | 27.6 |
| Guinea- Bissau | 1.1 | 1.1 | 1.2 | 1.1 | 1.1 | 1.0 | 1.2 |
| Mali | 8.5 | 9.1 | 9.2 | 9.8 | 10.5 | 11.0 | 13.6 |
| Niger | 9.6 | 10.0 | 8.4 | 8.8 | 9.1 | 9.7 | 11.6 |
| Senegal | 16.6 | 16.0 | 16.2 | 16.2 | 17.1 | 18.4 | 20.6 |
| Togo | 8.6 | 7.3 | 7.6 | 8.0 | 8.3 | 8.7 | 8.8 |
| Cape Verde | 0.6 | 0.7 | 0.6 | 0.6 | | | 3.0 |
| Liberia | | 3.4 | 3.6 | 3.5 | -- | 2.9 | 2.6 |
| <i>ECOWAS Total</i> | | | | | | | |

Appendix 1. Sourced from CIA World Factbook

GDP Real Growth

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|-------|-------|------|------|-------|
| Gambia, The | 5.8% | 1.3% | 8.8% | 6.6% | 6.9% |
| Ghana | 4.2% | 4.5% | 4.7% | 5.6% | 5.9% |
| Guinea | 3.7% | 4.2% | 1.2% | 2.7% | 3.3% |
| Nigeria | 5.3% | 4.6% | 9.6% | 6.6% | 6.5% |
| Sierra Leone | 18.2% | 27.5% | 9.3% | 7.4% | 7.5% |
| WAMZ Real growth | 5.3% | 4.8% | 8.8% | 6.3% | 6.4% |
| WAMZ Nominal GDP (Billion \$) | 71.0 | 74.8 | 89.1 | 99.8 | 127.4 |

Appendix 2. Sourced from WAMZ

External debt (Billion \$) of the West African countries

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|-------------------------|------|------|------|------|------|-------|------|
| Gambia, The | -- | -- | 0.5 | -- | -- | -- | 0.6 |
| Ghana | 7.0 | -- | 6.0 | 7.2 | 7.4 | 7.4 | 7.0 |
| Guinea | 3.6 | 3.4 | 3.3 | | 3.5 | -- | -- |
| Nigeria | 29.0 | 32.0 | -- | 29.7 | 31.1 | 30.6 | 32.5 |
| Sierra Leone | 1.3 | 1.3 | -- | 1.5 | 1.6 | -- | -- |
| Benin | -- | 1.6 | -- | -- | -- | -- | -- |
| Burkina Faso | 1.5 | 1.3 | -- | -- | 1.9 | -- | -- |
| Cote d'Ivoire | -- | 13.9 | -- | 10.3 | -- | 11.81 | 13.4 |
| Guinea- Bissau | 0.9 | 0.9 | -- | -- | -- | -- | -- |
| Mali | 3.0 | 3.3 | -- | 2.8 | -- | -- | -- |
| Niger | -- | -- | -- | -- | 2.1 | -- | -- |
| Senegal | -- | -- | -- | 3.1 | 3.0 | 3.5 | 3.5 |
| Togo | 1.5 | 1.4 | -- | -- | -- | -- | 2.0 |
| Cape Verde | | 0.3 | -- | 0.3 | -- | -- | -- |
| Liberia | 3.0 | 2.1 | -- | -- | -- | -- | 3.2 |
| <i>ECOWAS Total</i> | | | | | | | |

Appendix 3. Sourced from CIA World Factbook

Table of responses from questionnaire as Appendix 4

| Score of responses | Frequency – Students (<i>f_s</i>) | Frequency – Journalists (<i>f_j</i>) | Frequency – International Traders (<i>f_t</i>) | Frequency – Total (<i>f_T</i>) | Percentage (%) |
|--------------------|---|--|--|--|----------------|
| <u>Part I</u> 4.1 | 0 | 0 | 1 | 1 | 1.1 |
| 4.2 | 30 | 30 | 29 | 89 | 98.9 |
| 5.1 | 3 | 8 | 5 | 16 | 18.8 |
| 5.2 | 0 | 0 | 0 | 0 | 0 |
| 5.3 | 0 | 0 | 0 | 0 | 0 |
| 5.4 | 3 | 0 | 3 | 6 | 7.1 |
| 5.5 | 4 | 4 | 0 | 8 | 9.4 |
| 5.6 | 16 | 17 | 22 | 55 | 64.7 |
| 6.1 | 6 | 5 | 4 | 15 | 17.2 |
| 6.2 | 0 | 0 | 1 | 1 | 1.1 |
| 6.3 | 10 | 15 | 10 | 35 | 40.2 |
| 6.4 | 11 | 6 | 10 | 27 | 31.0 |
| 6.5 | 1 | 3 | 2 | 6 | 6.9 |
| 6.6 | 1 | 0 | 2 | 3 | 3.4 |
| 7.1 | 0 | 2 | 2 | 4 | 4.5 |
| 7.2 | 8 | 9 | 5 | 22 | 24.7 |
| 7.3 | 16 | 15 | 15 | 46 | 51.7 |
| 7.4 | 6 | 4 | 7 | 17 | 19.1 |

| Score of responses | Frequency – Students (f_s) | Frequency – Journalists (f_j) | Frequency – International Traders (f_t) | Frequency – Total (f_T) | Percentage (%) |
|--------------------|--------------------------------|-----------------------------------|---|-----------------------------|----------------|
| 8.1 | 5 | 8 | 4 | 17 | 19.3 |
| 8.2 | 24 | 22 | 25 | 71 | 80.7 |
| <u>Part II</u> | | | | | |
| 10.1 | 0 | 4 | 3 | 7 | 8.0 |
| 10.2 | 3 | 4 | 11 | 18 | 20.5 |
| 10.3 | 5 | 7 | 9 | 21 | 23.9 |
| 10.4 | 9 | 6 | 4 | 19 | 21.6 |
| 10.5 | 12 | 8 | 3 | 23 | 26.1 |
| 11.1 | 1 | 1 | 1 | 3 | 3.5 |
| 11.2 | 0 | 1 | 1 | 2 | 2.4 |
| 11.3 | 5 | 6 | 10 | 21 | 24.7 |
| 11.4 | 8 | 6 | 9 | 23 | 27.1 |
| 11.5 | 14 | 13 | 9 | 36 | 42.4 |
| 12.1 | 0 | 0 | 0 | 0 | 0 |
| 12.2 | 1 | 0 | 1 | 2 | 2.2 |
| 12.3 | 2 | 2 | 7 | 11 | 12.2 |
| 12.4 | 11 | 10 | 9 | 30 | 33.3 |
| 12.5 | 16 | 18 | 13 | 47 | 52.2 |

| Score of responses | Frequency – Students (f_s) | Frequency – Journalists (f_j) | Frequency – International Traders (f_t) | Frequency – Total (f_T) | Percentage |
|--------------------|--------------------------------|-----------------------------------|---|-----------------------------|------------|
| 13.1 | 1 | 0 | 1 | 2 | 2.2 |
| 13.2 | 2 | 4 | 2 | 8 | 9.0 |
| 13.3 | 12 | 9 | 8 | 29 | 32.6 |
| 13.4 | 14 | 15 | 16 | 45 | 50.6 |
| 13.5 | 1 | 2 | 2 | 5 | 5.6 |
| 14.1 | 0 | 1 | 1 | 2 | 2.2 |
| 14.2 | 5 | 3 | 5 | 13 | 14.6 |
| 14.3 | 22 | 24 | 21 | 67 | 75.2 |
| 14.4 | 3 | 2 | 2 | 7 | 7.9 |
| 15.1 | 1 | 3 | 6 | 10 | 11.5 |
| 15.2 | 27 | 27 | 23 | 77 | 88.5 |
| <u>Part III</u> | | | | | |
| 16.1 | 16 | 18 | 8 | 42 | 46.7 |
| 16.2 | 14 | 12 | 22 | 48 | 53.3 |
| 17.1 | 1 | 1 | 0 | 2 | 2.2 |
| 17.2 | 4 | 4 | 3 | 11 | 12.4 |
| 17.3 | 4 | 4 | 17 | 25 | 28.1 |
| 17.4 | 18 | 15 | 10 | 43 | 48.3 |
| 17.5 | 3 | 5 | 0 | 8 | 9.0 |

| Score of responses | Frequency – Students (f_s) | Frequency – Journalists (f_j) | Frequency – International Traders (f_t) | Frequency – Total (f_T) | Percentage |
|--------------------|--------------------------------|-----------------------------------|---|-----------------------------|------------|
| 18.1 | 1 | 1 | 0 | 2 | 2.3 |
| 18.2 | 6 | 7 | 8 | 21 | 23.9 |
| 18.3 | 14 | 9 | 19 | 42 | 47.7 |
| 18.4 | 7 | 8 | 3 | 18 | 20.5 |
| 18.5 | 1 | 4 | 0 | 5 | 5.7 |
| 19.1 | 12 | 9 | 19 | 40 | 46.0 |
| 19.2 | 4 | 7 | 5 | 16 | 18.4 |
| 19.3 | 6 | 7 | 1 | 14 | 16.1 |
| 19.4 | 8 | 6 | 3 | 17 | 19.5 |
| 20.1 | 0 | 1 | 0 | 1 | 1.2 |
| 20.2 | 5 | 7 | 5 | 17 | 20.0 |
| 20.3 | 7 | 4 | 5 | 16 | 18.8 |
| 20.4 | 17 | 14 | 20 | 51 | 60.0 |
| 20.5 | 0 | 0 | 0 | 0 | 0 |
| 21.1 | 0 | 3 | 0 | 3 | 3.5 |
| 21.2 | 2 | 2 | 3 | 7 | 8.1 |
| 21.3 | 5 | 2 | 7 | 14 | 16.3 |
| 21.4 | 22 | 19 | 20 | 61 | 70.9 |
| 21.5 | 0 | 1 | 0 | 1 | 1.2 |

| Score of responses | Frequency – Students (f_s) | Frequency – Journalists (f_j) | Frequency – International Traders (f_t) | Frequency – Total (f_T) | Percentage |
|--------------------|--------------------------------|-----------------------------------|---|-----------------------------|------------|
| <u>Part IV</u> | | | | | |
| 22.1 | 8 | 10 | 20 | 38 | 50.0 |
| 22.2 | 19 | 12 | 7 | 38 | 50.0 |
| 23.1 | 1 | 3 | 1 | 5 | 5.6 |
| 23.2 | 14 | 10 | 17 | 41 | 46.1 |
| 23.3 | 1 | 0 | 2 | 3 | 3.4 |
| 23.4 | 14 | 16 | 10 | 40 | 44.9 |
| 24.1 | 4 | 3 | 0 | 7 | 8.4 |
| 24.2 | 4 | 0 | 5 | 9 | 10.8 |
| 24.3 | 15 | 23 | 22 | 60 | 72.3 |
| 24.4 | 2 | 1 | 1 | 4 | 4.8 |
| 24.5 | 1 | 0 | 2 | 3 | 3.6 |
| 25.1 | 5 | 2 | 14 | 21 | 23.3 |
| 25.2 | 25 | 28 | 16 | 69 | 76.7 |
| <u>Part V</u> | | | | | |
| 26.1 | 11 | 10 | 4 | 25 | 28.7 |
| 26.2 | 16 | 9 | 21 | 46 | 52.9 |
| 26.3 | 3 | 8 | 5 | 16 | 18.4 |
| 27.1 | 8 | 9 | 3 | 20 | 23.5 |
| 27.2 | 19 | 17 | 24 | 60 | 70.6 |
| 27.3 | 1 | 1 | 3 | 5 | 5.9 |

| Score of responses | Frequency – Students (f_s) | Frequency – Journalists (f_j) | Frequency – International Traders (f_t) | Frequency – Total (f_T) | Percentage (%) |
|--------------------|--------------------------------|-----------------------------------|---|-----------------------------|----------------|
| 28.1 | 14 | 12 | 5 | 31 | 36.9 |
| 28.2 | 15 | 14 | 24 | 53 | 63.1 |
| 29.1 | 0 | 2 | 1 | 3 | 3.6 |
| 29.2 | 16 | 17 | 7 | 40 | 48.2 |
| 29.3 | 12 | 8 | 20 | 40 | 48.2 |
| <u>Part VI</u> | | | | | |
| 30.1 | 0 | 0 | 0 | 0 | 0 |
| 30.2 | 0 | 1 | 2 | 3 | 3.4 |
| 30.3 | 12 | 7 | 5 | 24 | 27.3 |
| 30.4 | 13 | 16 | 17 | 46 | 52.3 |
| 30.5 | 5 | 4 | 6 | 15 | 17.0 |
| 31.1 | 8 | 12 | 13 | 33 | 37.5 |
| 31.2 | 20 | 18 | 17 | 55 | 62.5 |
| 32.1 | 24 | 15 | 26 | 65 | 77.4 |
| 32.2 | 4 | 11 | 4 | 19 | 22.6 |

| Score of responses | Frequency – Students (<i>f_s</i>) | Frequency – Journalists (<i>f_j</i>) | Frequency – International Traders (<i>f_t</i>) | Frequency – Total (<i>f_T</i>) | Percentage (%) |
|--------------------|---|--|--|--|----------------|
| 33.1 | 9 | 13 | 10 | 32 | 37.2 |
| 33.2 | 11 | 6 | 20 | 37 | 43.0 |
| 33.3 | 7 | 10 | 0 | 17 | 19.8 |
| <u>Part VII</u> | | | | | |
| 34.1 | 6 | 10 | 5 | 21 | 23.3 |
| 34.2 | 4 | 4 | 14 | 22 | 24.4 |
| 34.3 | 18 | 13 | 16 | 47 | 52.2 |
| 35.1 | 1 | 0 | 7 | 8 | 9.3 |
| 35.2 | 8 | 17 | 11 | 36 | 41.9 |
| 35.3 | 20 | 11 | 11 | 42 | 48.8 |
| 36.1 | 3 | 2 | 1 | 6 | 7.0 |
| 36.2 | 15 | 9 | 13 | 37 | 43.0 |
| 36.3 | 10 | 17 | 16 | 43 | 50.0 |
| 37.1 | 1 | 3 | 1 | 5 | 5.7 |
| 37.2 | 11 | 8 | 10 | 29 | 33.3 |
| 37.3 | 17 | 17 | 19 | 53 | 60.9 |

Appendix 4. Table of scores of responses to questionnaire.

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